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FINANCIAL TIMES

No. 27,456 Wednesday January 11 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Lynch repeats call for unity

Mr. Jack Lynch, the Irish Prime Minister, last night made no effort to patch up the Anglo-Irish row that has followed his controversial week-end comments on the need for Britain to encourage Irish unity.

Replying to criticism from Mr. Roy Mason, the Ulster Secretary, Mr. Airey Neave, the Tory spokesman, and Ulster politicians, Mr. Lynch stood by his remarks and said he found the reaction to them "surprising and unexpected." Back Page

Spark of hope

Fire Brigades Union leaders are increasingly confident that to-morrow's recalled delegate conference at Bridlington will endorse the executive's recommendation to end the two-month strike. Back Page

Bar boycott

Twenty black barristers said last night that they would refuse to conduct cases before Judge Neil McKinnon because of his controversial remarks. Most of the black barristers who appear regularly at the Old Bailey are expected to join the protest. Decision this week, Page 9

Press strike ends

Journalists on North of England newspapers in Darlington decided yesterday to accept their employers' latest peace formula and end their seven-month strike, the longest in the history of the National Union of Journalists. Back Page

Guerilla victims

Four white civilians, including an elderly invalid, her son and grandson, have been killed by black nationalists near the Rhodesian capital, according to the authorities. The guerillas have killed 10 people near Salisbury in the last six days. Patriotic Front for talks, Page 5

20 shot in Iran

At least 20 people were killed in Qom, south of Tehran, when Iran's police fired on demonstrators calling for the return from exile of a political opponent of the regime, according to dissidents. Shah sees Saudis, Page 5

ATV sues Tate

Associated Television has issued a writ for libel and slander against Tate and Lyle and its chairman, Mr. John Lyle, over statements made in Press advertisements last month referring to an ATV series on South Africa. Back Page

Soyuz-27 launch

The Soviet Union launched Soyuz-27 with a two-man crew into space to link up in orbit with the Salyut-6 laboratory where two cosmonauts have been aboard for a month.

Benn's problem

Mr. Anthony Wedgwood Benn, Energy Secretary, has started a fresh series of meetings with nuclear chiefs to try to settle the problem of which type of nuclear power station Britain should build. Nuclear offer, Page 8

Mail arrives

The first shipments of mail to reach Britain from the U.S. since September have been unloaded at Felixstowe, six weeks after a dock strike ended. The Post Office said the backlog of 30,000 bags of letters and 75,000 parcels, many for Christmas, would take some time to deliver.

Briefly . . .

Titania's Palace, a dolls' house with 2,000 miniature furnishings, sold for £135,000 at Christie's. Saleroom, Page 12

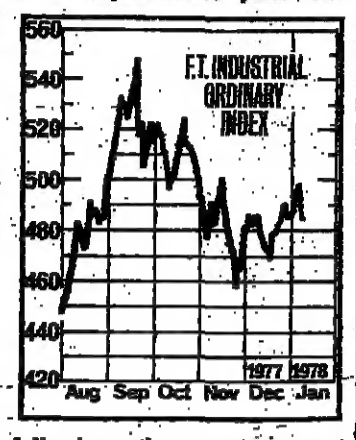
Mothercare, the maternity and babyware chain, is to give £500,000 for research into genetic disorders in children. Page 8

Former world showjumping champion Hartwig Steenken died in a Hanover hospital six months after being injured in a car crash.

BUSINESS

Foods pull equities down 7

● EQUITY markets were influenced by sharp falls in the food retailing sector, on fears of a supermarket price war



following the announcement from Sainsbury of price cuts. Back page

The food retailing index dropped 6.5 per cent. to 207.58 and the FT Ordinary index closed 7.2 down at 484.5.

● GILTS were weaker ahead of the latest banking statistics and the Government Securities index fell 0.60 to 77.29, its biggest fall for over six weeks.

● STERLING rose ten points to $1.9185, its trade-weighted index falling to 65.7 (65.8). The dollar's widened to 4.47 per cent. (4.43).

● GOLD gained $2 to $173½.

● WALL STREET closed 3.03 down at 781.53.

● GROWTH of money supply remained relatively high last month the latest banking figures indicate, but there were signs of a possible revival in demand for lending for expansion by industrial companies. Back Page

● CONSUMER DEMAND, depressed for most of last year, now shows signs of picking up, according to Department of Trade figures. Page 8

● CBI is to campaign against the 2 per cent. annual growth rate for public spending over the next four years which the Government plans to announce in a White Paper to-morrow. Back Page

● NORTH SEA oil companies have agreed with the Government on a sector-by-sector blow-out prevention scheme. Page 8.

Car output at 14-year low

● U.K. MOTOR industry, which suffered from nearly continuous industrial trouble last year, has turned in the second lowest car production figures since 1962, at 1.328bn. units. In contrast, Toyota aims to increase its U.K. car sales this year, but buy more components from Britain and Europe. Page 6.

● BRITAIN has asked the EEC to break up a pact between the Irish and French Governments which allows the Irish Republic to send lamb and live sheep to France free of import charges, while U.K. exporters have to pay up to £300 a tonne. Page 25

● U.S. TRADE representative Mr. Robert Strauss, has gone to Tokyo to try to exert pressure on the Japanese to reduce their trade surplus sharply. Back Page.

● NEW YORK city is to appeal for more aid to deal with a financial crisis which is expected to get worse this year. Page 4

COMPANIES

● LETRASET INTERNATIONAL boosted pretax profit for the six months to October 31 to *£3.4m. (£2.87m.) on sales 13* per cent. up at £15.2m. Page 17 and Lex.

● REARDON SMITH LINE pretax loss for the six months to September 30 more than doubled to £5.8m. (£2.77m.). Turnover slipped £1m. to £12.78m. Page 16 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Bibby (J.)	213	+ 5
Edinbgh. Dundee Inv.	187	+ 8
Gold Fields Prop.	97	+ 7
Reardon Smith A	46	+ 5
Liebens (U.K.)	294	+ 8
Cons. Gold Fields	190	+ 5
Blandsrand	186	+ 14
Falcon Mines	190	+ 5
Vaalfontein	247	+ 13

FALLS

Exchequer 9¼pc '82	£99⅛	— ⅜
Exchequer 10½pc '97	£96½	— 1
Assod. Dairies	250	— 20
Booker McConnell	226	— 9
Boots	222	— 7
British Benzol	20	— 3
British Home Stores	279	— 10
Brown (J.)	233	— 6
Commercial Union	150	— 5
Costain (R.)	272	— 6
Davy Intnl.	249	— 11
Fitch Lovell	61	— 6
Gt. Portland Estates	322	— 8
GUS A	300	— 10
Hall (Mathew)	197	— 7
Hillards	235	— 15
Ladbroke	197	— 10
Lloyds Bank	288	— 7
Marks and Spencer	153	— 5
Mothercare	188	— 8
Prudential Ass.	166	— 6
Reckitt and Colman	435	— 10
Sainsbury (J.)	190	— 12
Tesco	43½	— 5
Thomson Org.	688	— 22
Thorn Elect.	378	— 8
Union Discount	455	— 10
UDS	92	— 5
Vickers	187	— 7
Vosper	143	— 9
Wagon Finance	89	— 4

Living standards recovering after 12-month squeeze

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Living standards started to recover last autumn following the tight squeeze in the previous 12 months. A further improvement is expected in 1978.

The main boost since last summer has come from reductions in income tax. But an upturn in real wages and salaries, after adjusting for inflation, has probably started only the last few weeks, and this will raise living standards further.

Official figures by the Central Statistical Office yesterday show that from the second to the third quarter of last year there was a rise of about 1 per cent. in living standards as measured by real personal disposable income. This is the amount left over from payment of personal tax, and includes social security benefits.

Nevertheless, living standards in the three months to September were still nearly *four per cent. lower than a year* earlier, and nearly six per cent. below the peak level at the end of 1974.

The recovery from the second to the third quarter reflected the slowing in the rate of consumer price inflation. For the first time in a year prices rose less rapidly than personal disposable incomes, up 4 per cent. in the period.

This upturn occurred even though wages and salaries increased by only 1½ per cent. in the quarter, and was mainly the result of a 6½ per cent. fall in payment of taxes on income.

LIVING STANDARDS

		Real personal disposable income at 1970 prices	Personal savings ratio*
		£m.	
1975		41,533	15.1
1976		41,454	14.6
	1st	10,452	15.5
	2nd	10,246	14.2
	3rd	10,489	15.4
	4th	10,267	13.3
1977	1st	10,210	14.2
	2nd	9,970	13.1
	3rd	10,084	12.8

* Saving as a percentage of disposable income. All seasonally adjusted.

Source: Central Statistical Office

The same factors applied in the final three months of last year, as there was a further reduction in income-tax, an uprating of social security benefits and a Christmas bonus to pensioners.

However, many workers delayed reaching new pay agreements, and the increase in wages is starting to come through only now.

The combination of a rise in take-home pay and a further slowing of the rate of price inflation is likely to bring a sharp increase in living standards.

The recent report from the Organisation for Economic Co-operation and Development suggested that real disposable incomes might rise by roughly 2½ per cent. in 1978, "the increase being largely concentrated in the first-half," before an acceleration in the growth of labour costs affects prices.

This is expected to lead to a sharp recovery in consumer spending. Even in the third quarter the volume of expenditure rose by 1½ per cent. in real terms.

This was the result both of the rise in living standards and of a fall in the proportion of disposable income saved. The personal savings ratio dropped from 13.1 to 12.8 per cent. from the second to the third quarter, the lowest level since spring 1974.

The decline in the ratio probably partly reflected the drop in living standards since mid-1976, as well as the anticipation of an end to the squeeze and the slowing of price inflation.

Projecting the savings ratio is an extremely hazardous exercise, and economists are unsure whether a revival in consumer confidence will lead to a further decline, or whether the ratio will stabilise around the current level, in view of uncertainties about the medium-term prospects for inflation.

Industry shows financial upturn

By Our Economics Correspondent

THE FINANCIAL position of industry improved substantially in the early autumn though the upturn may not continue in 1978.

The combination of a slowing in the rate of price inflation and a reduction in the previously high level of physical stocks resulted in a financial surplus for industrial and commercial companies in the three months to September. *Previously* these had a continuous deficit since the end of 1972, which resulted in increased borrowing.

This shows that industry had a surplus of undistributed income after financing tax, dividends, capital expenditure and stocks.

Figures from the Central Statistical Office yesterday indicate a surplus of £377m. in the quarter following deficits of £556m. and £793m. in the previous two quarters.

Gross trading profits increased by £241m. between the second and third quarters. But the main contribution to the overall improvement came from a reduction in the amount required to finance stock appreciation, from £999m. to £537m., and a turn-round from a rise in the value of physical stocks of £372m. to a drop of £277m.

Oil growth

There is likely to have been a further reduction in the level of physical stocks, and lower stock appreciation, in the final three months of 1977, so there may not yet have been a significant deterioration in the financial position of industry.

However, the recent Bank of England quarterly bulletin warned that the company sector might be in deficit in 1978. This would reflect both the expected further slowing in the rate of growth of profits, and increased spending on capital investment with an end to the benefits of de-stocking.

The latest official figures show that profits net of stock appreciation from North Sea oil and gas rose from £627m. to £875m. in the last six months, compared with the previous half-year.

North Sea activities accounted for almost a quarter of the 23 per cent. rise to £6.8bn. in total industrial and commercial company profits (again net of stock appreciation) on the same half-year comparison.

Banking figures and Lex Back Page

£ in New York

—	January 10	Previous
Spot	$1.9170-9185	$1.9155-9170
1 month	0.17-0.17 prem.	0.15-0.19 prem.
3 months	0.45-0.48 prem.	0.41-0.47 prem.
12 months	0.25-1.40 prem.	1.10-1.50 prem.

Government gives way on road forecasts

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT yesterday accepted the central criticism of its traffic forecasting methods in an independent report and immediately published scaled-down predictions of future car ownership levels.

Mr. William Rodgers, Transport Secretary, in welcoming the report of the Advisory Committee on Trunk Road Assessment, agreed to establish at once a standing committee to monitor developments in forecasting and road evaluation. He said he would start immediately to judge schemes in the light of the committee's findings.

Sir George Leitch, chairman of Short Brothers and Harland, who was chairman of the advisory committee responsible for the report, will be chairman of the new standing committee.

Further Government reaction to the 150,000-word report is expected in the first of a series of annual White Papers on roads, publication of which will probably begin in March, Mr. Rodgers said.

The changes in Government forecasts are intended as interim measures to allow further consideration to be given to the report's suggestion that future forecasts should be based on "causal" rather than "extrapolatory" methods.

The difference is that a causal model permits the inclusion of more sophisticated determinants in judging the extent of car ownership, such as income level, family circumstances and fuel price variations. In the department's revised forecasts, an element of causality is introduced for the first time, using data from the family expenditure survey.

Introducing the report, which was commissioned last February, Sir George said the committee was in favour of "more openness, better balance, greater flexibility and a fuller recognition of the uncertainties." Such an approach would win greater public acceptability of the methods used, he said.

The section on forecasting is the most critical in the report and, having conducted a series of "before and after" studies, the committee concludes that the department has tended in the past "to over-predict traffic, in certain cases significantly."

The second main concern of the report is the accuracy of the department's cost-benefit computer models in calculating the economic return from planned roads.

It says that, although the calculations are basically sound, much more information about environmental and local gains and losses should be included in the final adjudication on a scheme. It also wants changes in the way time is valued in the cost-benefit sum itself.

FORECASTS OF CAR OWNERSHIP LEVELS
(percentage of population owning a car)

	New	Previous
1976 (actual)	26	—
1980	27	30
1985	31	34
1990	33	38
1995	35	40
2000	37	42
2005	38	43

Both forecasts refer to the lower of two possible growth patterns in each case.

Other points from the report are:
- Comparative cost-benefit analyses between road and rail investment are possible and should be undertaken, but the issue of comparability is essentially one of policy. There are few cases where road and rail compete directly for investment.
- The argument that roads can be justified as a contribution to regional economic growth is rejected as unproven.
- The department's £6m Regional Highway Traffic Model is described as a useful national data bank and possibly useful in widening the traffic forecasting base, but its development should be "exposed more widely to informed scrutiny." Its insensitivity to certain variables is noted.
- Government trunk road proposals should be made "fully comprehensible" to the general public, and all details of the final advantages and *disadvantages of a scheme* made publicly available.
- More research should be done on the effects of road building on land use.
- The effects of schemes on other modes of transport should be included in the assessment.
- Schemes in the programme should be given a three-rank merit order.

Reaction to the report last night was one of delight from environmental and pro-rail organisations, which said their arguments at a series of public inquiries had been vindicated.

Transport 2000 said the department's revised traffic forecasts, taking the low-growth assumption, had cut the official estimate of growth in vehicle kilometres between now and the year 2000 from 65 per cent. to 26 per cent. "This will make a terrific difference in the cost benefit analysis of most schemes," it said.

Report of the advisory committee on trunk road assessment. SO, £7.25.

Editorial comment, Page 14
Feature, Page 15

Leyland raises £50m. in loans from banks

BY TERRY DODSWORTH AND ALAN PIKE

BRITISH LEYLAND has raised a substantial amount of new finance from private sources in the past few weeks to avoid taking up a further tranche of the £100m. Government-backed loan voted to the company by Parliament last summer.

News of the company's latest fund-raising exercise, announced to Parliament yesterday, came as senior union leaders voiced their anxiety about Leyland's plan to de-centralise its structure.

They intend to meet Mr. Michael Edwardes, British Leyland chairman, next week to tell him emphatically that there must be no going back on proposals to introduce a new centralised bargaining structure in the company's car factories.

The new loans obtained mainly from the big banks, are believed to total about £50m., but Leyland declined yesterday to give the precise terms on which they were raised.

Under the management which has now been displaced, the company had reached a point where it was finding it difficult to raise money on the commercial market. But Mr. Edwardes appears to have been able to acquire the extra funds without offering any unusual new guarantees.

The company denied that the National Enterprise Board, Leyland's main shareholder, had offered to underwrite the loans.

Leyland's action in going to the banks has effectively bought it time before it has to go back to the Government, probably in March, with a detailed new long-term plan.

Trade union leaders, meanwhile, are unhappy about lack of consultation before the appearance of reports that Leyland is considering a less-centralised structure for the profit centres which will comprise Leyland Cars.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said after his executive had discussed the latest Leyland developments yesterday: "There must be the earliest possible consultation with trade unions before decisions are made, and assurances already given must be honoured."

The promise of centralised bargaining and pay parity helped resolve last year's serious strike by Leyland Cars toolmakers. With the toolmakers again threatening action, engineering *workers' leaders are worried that* any sign that the company is having second thoughts on the bargaining reforms will aggravate an already serious problem.

In Birmingham, yesterday, leaders of 14,000 other Leyland craftsmen also renewed calls for separate bargaining rights and a common wage agreement for skilled workers.

● Talks aimed at resolving the strike at Leyland's Speke, Merseyside, factory will resume at the Advisory, Conciliation and Arbitration Service offices in London to-morrow.

News Analysis Page 9

Algeria halts French imports

BY EIRENE FURNESS ALGIERS, Jan. 10.

PRESIDENT Boumedienne has instructed Algerian ministries and State companies to stop ordering imports from France as far as is possible, in a move which brings relations between the two countries to a new low.

The instruction is likely to have been triggered off by recent French intervention, in support of Mauretania, against the Algerian-backed Polisario, struggling to establish a separate state in the former Spanish Sahara.

Algeria has also for some time been trying to reduce her massive, and growing, trade deficits with France. In the first 10 months of last year, Algeria managed to cut the French share of imports from 30 per cent. in 1976 to under 25 per cent.

The main sectors to suffer from the new measures are likely to be steel products and pharmaceuticals, which account for some 11 and six per cent. respectively of French sales in Algeria.

An important contract for the gas liquefaction plant, LNG East, at Skikda, of which the French firm Technip had seemed assured, is now likely to be opened up again to U.S. — and possibly Japanese—companies.

Algeria has not however completely closed the door to trade. Negotiations will be allowed to continue on well-advanced projects; necessary spare parts and components will still be bought; and French companies *will still* be considered for contracts, when they are competitive.

France is still Algeria's most important supplier, particularly as the latter spends an estimated third of its oil and natural gas earnings on food imports, a large share of which have traditionally come from France.

But the U.S., Germany and Italy are all more important customers for Algerian natural gas than France. In the last few months, the U.S. has also overtaken France as Algeria's chief trading partner.

Algeria's deficit with France was some Frs.3.7bn. (£413m.) in 1976, on a total two-way trade of Frs.10.3bn. (£1.146bn.). Despite its success in reducing French imports, its trade balance in the first 10 months of last year continued at the same level.

French reaction Page 3

CONTENTS OF TODAY'S ISSUE

FEATURES

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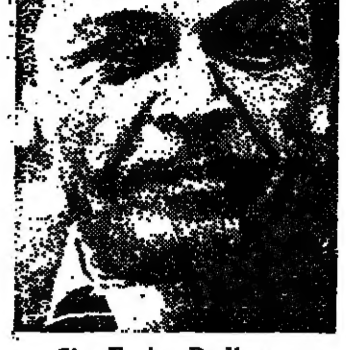
EUROPEAN NEWS

Italy's Communists want a direct share in power. Dominick J. Coyle examines their prospects of success

Risky time for Berlinguer to raise the stakes



Sig. Enrico Berlinguer

Sig. Giulio Andreotti

ITALY has had so many political crises since 1945 that there is no great novelty in yet another one. What however makes the present crisis distinctive is that it appears to have been deliberately brought on by the Communists, who, for the first time in three decades, are moving to secure a direct role in government.

But their attempt is going to fail, for the time being at least. To-day the Christian Democrats, who have formed the nucleus of every Italian administration since World War II, meet to decide their precise response to the Communist call for an "emergency Government," which would include, beside the Christian Democrats, the Communists, the Socialists, and the smaller opposition parties, though not the neo-fascist MSI.

That response is expected to be a firm "no." The Communists can only enter the Government, it will almost certainly be argued, if the voters show they want this to happen in new elections. The argument is in effect a concealed ultimatum: either the Communists drop their demand to enter a new Government, or the Christian Democrats will force new elections. The ruling party does not want these; but the Communists at this time want them even less.

To understand the current Communists fear of elections, and why they are trying now to get a direct role in government, one must go back to the confusion produced in party ranks by the aftermath of the last general elections. These were held, prematurely in June 1976, after the Socialists had quit the centre-left administration headed by Sig. Aldo Moro.

Ostensibly intended to "clarify the issue," the election produced a situation where no single party, or acceptable coalition, had a working majority in Parliament. The eventual outcome was a formula which perhaps only the Italians could have designed: rule by a minority Christian Democratic administration, headed by Sig. Giulio Andreotti, with the Communists undertaking informally to abstain on all major votes where they might defeat the Government.

This, said the Communist leadership, was the only responsible course to adopt, given Italy's serious economic and social difficulties which, earlier in 1976, had obliged the authorities to shut down the foreign exchange market to halt a major run on the lira.

But many rank-and-file party supporters simply could not understand their party maintaining the hated Christian Democrats in office. Party headquarters in Rome despatched some of its top brass out into the constituencies to explain party strategy, not always successfully. Even moderate party supporters felt that the Communists had given much by sustaining Sig. Andreotti in office, with no tangible gain to themselves.

Inevitably then, the Communists began to put a price on their support. Last July, they and four other small opposition parties reached the so-called "Agreement of the Six" with the Christian Democrats. In theory at least this meant that Sig. Andreotti would introduce important legislation only after discussing it in detail with the opposition parties and winning their broad agreement.

A Fiat car company executive was shot and wounded in Turin last night as a wave of political violence continued in Italy, Reuter reports. The victim, 57-year-old Sig Gustavo Ghirotto, was shot six times while he was in the garage at his suburban home, police said. The Red Brigades urban guerilla group, blamed for dozens of similar attacks, claimed responsibility for the shooting. Sig. Ghirotto, who is production manager at the Rivalta Fiat plant in Turin, was the second member of the Fiat car company to be attacked by left-wing guerillas in the past 24 hours.

Then, just before Christmas, Sig. Enrico Berlinguer, the Communist Party Secretary, raised the stakes. The six-party agreement, he said, was not adequate to meet the problems facing Italy: his top aides insisted that Sig. Andreotti was not keeping the bargain anyway. The result, following weeks of all-party dialogue and a trade union threat to call a national strike later this month—now effectively cancelled — has been Sig. Berlinguer's demand for an emergency Government.

The formula is strongly backed by the Socialists, who, besides being internally divided, are afraid of being made politically irrelevant by a possible bilateral accord between Christian Democrats and Communists.

Politicians and the media alike concluded that the Communists now really did mean business. This was on the basis that, whatever its commitment to democratic pluralism, the party remains a virtually monolithic organisation in which tactical decisions are taken with great care. When Sig. Berlinguer agreed to be interviewed on television to advance his call for an emergency Government, most observers concluded that the Communists were advancing, with the force of their parliamentary strength, towards their long cherished goal of a "compromesso storico," or grand alliance in government of all Italian democratic forces.

The White House has, by all accounts, taken the message. Mr. Richard Gardner, the U.S. ambassador to Rome, has been recalled to Washington for consultations amid widespread reports that the Carter administration fears the Communists are about to enter the Government. The recall was attacked in the Communist daily, L'Unita, as direct U.S. intervention in domestic Italian affairs.

But it remains very possible that the Communists have in fact made a miscalculation. As one experienced observer put it privately: "What has mesmerised us all in recent weeks is the notion that the Communists never make mistakes. This time they may have done precisely that."

For, though the Christian Democrat leadership now accepts, however crudgingly, that Italy cannot be governed against the outright opposition of the Communists, the chances of their conceding Cabinet positions to them, at least before another general election, look slim. The signs are that more than half of the parliamentary party would revolt were such a move considered seriously at to-day's party leadership meeting.

The alternative to an election may have to be some formula to save the Communists' face, and there has been a good deal of vague talk in recent days about Italy's urgent need for a "social pact" between all the main parties. The prospects of such an agreement being reached are by no means good, given that the parties have already failed in two protracted sessions to agree on the 1978 budget. But any consensus on economic and social objectives might well allow the Communists to advance their earlier policy of abstentionism into one of supporting the parliamentary majority with their votes, but without any direct ministerial portfolios.

Such nuances can have an important significance in a country whose politicians often talk about "converging parallels" as between the Christian Democrats and the Communists, while Sig. Berlinguer could claim that the Christian Democrats acceptance of Communist votes in the Government's parliamentary majority—whether tendered unilaterally, or negotiated privately—was a further real advance of the Communists towards power.

USSR hardens line on dispute with Japan over islands

BY DAVID SATTER

MOSCOW, Jan. 10.

MR. ALEXEI KOSYGIN, the Soviet Premier, to-day told Mr. Sunao Sonoda, the Japanese Foreign Minister, that the Soviet Union does not recognise the existence of a territorial problem in its relations with Japan.

The perceptible toughening of the Soviet stand regarding a disputed string of Soviet-occupied islands off the northern Japanese coast makes it unlikely that the two sides will be able to agree on a joint communique.

Japanese sources said that the Japanese side will refuse to sign any joint communique which does not include their stand that the islands off the coast of Hokkaido, occupied by the USSR at the end of the Second World War, should be returned to Japan.

Since Moscow has made it clear that it would find it difficult to agree to such an inclusion, it appears likely that the talks, which were intended to improve the traditionally strained relations between the Soviet Union and Japan, may only lead to further tension.

The Soviet news agency Tass, in a report on Mr. Sonoda's meeting with Mr. Kosygin, said that confidence was expressed that a strengthening of Soviet-Japanese relations would meet the interests of both countries. But TASS said that the meeting was hold in "a businesslike and frank atmosphere," a formul used to indicate serious disagre ment.

During Mr. Sonoda's meetin yesterday with Mr. Andr Gromyko, the Soviet Forei Minister, the USSR proposed treaty of friendship and c operation which made no refe ence to the long-standing terr torial dispute over the island The Japanese agreed to consid the Soviet draft, but said that r other treaty could be signe between Japan and the Sovi Union until the two countri conclude a formal peace treaty

The Japanese, in tur presented their ideas to th Kremlin on a peace trea including a territorial claus which the USSR said it could n accept.

Mr. Kosygin's denial of th existence of a territorial issue taken by Japanese officials represent a stiffening of th Soviet position on the disput They said that Mr. Leon Brezhnev, the Soviet Preside acknowledged during 1973 tal in Moscow with the forme Japanese Prime Minister, M Kakuei Tanaka, that the terr torial issue was one of the u solved problems in Sovie Japanese relations left over fro the war.

There was no hint of this i the talks with Mr. Kosygin to-da however.

Major airlines try to agree lower transatlantic fares

GENEVA, Jan. 10.

THE WORLD'S major airlines flying the North Atlantic met here to-day to try to set new fares to compete with Mr. Freddie Laker's cheap "sky-train" service.

More than 20 members of the International Air Transport Association (IATA) met at their headquarters to resume discussions which ended inconclusively after sessions last year in France and the United States.

The big airlines, including Pan American Airways, Trans World Airlines and the national airlines of most West European countries are trying to standardise their fares. But they have failed to agree on how best to compete with the Laker flights and each has been fixing its fares unilaterally.

An Iata spokesman said the meeting was likely to last several days.

Some carriers would like to cut fares across the board. Others would prefer to introduce something similar to the Laker service for which passengers can only buy tickets on the day of departure. Another group thinks charter and regular passengers should be included on board the same aircraft.

IATA sources have said the varying interests of governments, many of which own their national airline, were making it difficult to reach accord.

Reuter

Greek bid to hasten EEC membership

By Our Own Correspondent

ATHENS, Jan. 10.

THE SPEEDING up of Greece's negotiations with the EEC for full membership will be the main goal of Premier Constantine Karamanlis when he visits London, Brussels, Paris and Bonn later this month.

During his talks in the four European capitals, Mr. Karamanlis is also expected to discuss Greece's relations with NATO and the Cyprus isue.

Premier Karamanlis has indicated that Greece would return to the NATO fold if the Cyprus issue is equitably solved.

Swedish cabinet plans £3.57bn. deficit budget

BY WILLIAM DULLFORCE

STOCKHOLM, Jan. 10.

THE SWEDISH Government to-day submitted a budget for the fiscal year 1978-79 showing a deficit of Kr.32.2bn. (£3.57bn.), equivalent to more than 21 per cent. of total outlays. It also indicated that Sweden's foreign borrowing requirement in 1978 will be only slightly lower than the Kr.20bn. taken up last year, with State borrowing likely to continue at roughly the same rate of Kr.9-10bn a year.

The budget contains no surprises and is designed to continue the more restrictive domestic demand policy, to which the non-Socialist coalition switched last spring at the time of the first of the last year's two devaluations of the krona.

Tax relief for the bulk of wage-earners had been previously announced and is intended to pave the way for a moderate 1978 wage settlement. The tax on petrol will be raised from May 1, on which date a tax—probably Kr.100—will be introduced on charter tours abroad.

The financial plan accompanying the budget anticipates a growth of only 0.2 per cent. in GNP in 1978, following a decline of 2.4 per cent. last year, the first time the Swedish economy has experienced such a setback since the war. Private consumption is scheduled to fall by 1 per cent., gross investments will drop for the fourth year running and central Government consumption will stand still.

The rate of inflation is expected to drop to 9 per cent. against a 13.5 per cent. increase in consumer prices last year. But the improvement presupposes that the increase in wage costs this year will not exceed 10 per cent.

The stock disinvestment, which started in 1977 following the failure of Sweden's attempt to bridge the economic recession by producing for stock will continue through 1978. It is estimated to have a negative effect on GNP development of 1.1 per cent. but by the end of the year it is hoped that stocks will be run down sufficiently for production to pick up. Over the year as a whole, however, industrial production is forecast to decline for the fourth year in succession.

Contributions

The positive contributions to GNP development in 1978 will be 0.7 per cent. from local authority consumption, and 1.5 per cent. from net foreign demand, according to the finance plan. Exports are expected to increase by 5 per cent. in volume against a 1.5 per cent. decrease in imports, but the deterioration in Sweden's terms of trade after the 15 per cent. depreciation of the krona last year will prevent any improvement on the current account.

The deficit on the payments balance this year is forecast to be Kr.16.9bn. compared with a preliminary figure of just over Kr.16bn. for 1977. The Budget Ministry, however, stresses that these current figures conceal an estimated improvement of about Kr.5bn. in fixed prices on the foreign account, which would indicate that "Government policy has started to turn the ship round."

Sweden, it is hoped, will improve its market share of trade in manufactured goods within the OECD area by 2.5 per cent. this year after losing an estimated 21.5 per cent. over the previous three years.

In his budget statement, Mr. Gosta Bohman, the Economy Minister, said the Government's most important short-term aim was to break the downward trend in production. The major problem was the disproportionate rise in Swedish unit labour costs over the past three years, but Swedish industry's competitive position could be restored by a combination of last year's devaluations, a moderate wage settlement and a further decline in the level of wage drift.

The latest Swedish budget walks the tightrope between expansionary and restrictive fiscal policy measures. The central Government's own spending on consumption and investment is markedly restrictive. On the other hand, the size of the budget deficit and the Government's contribution to aggregate demand are expansionary.

The dichotomy is due to Government concern to maintain employment and to support unprofitable industries, such as shipbuilding, steel and textiles, through a period of retrenchment. Thus, the Government is expected this year to double its industrial credits and share capital allocations to state companies to some Kr.10bn., while labour market spending will absorb a further Kr.4-5bn.

Tor Field likely on stream soon

BY FAY GJESTER

OSLO, Jan. 10.

THE TOR Field, in Norway's sector of the North Sea, is expected to come on stream during the first quarter of this year, a spokesman for the operators, Phillips Petroleum, said yesterday.

He stressed, however, that it was still too early to be absolutely sure about the first quarter start-up. Bad weather could cause unexpected delays, and the company was still discussing with the Norwegian Government the conditions under which it would be allowed to conduct drilling and production simultaneously from the field's platform. The platform will have 15 wells.

Tor will be the fourth field in the Ekofisk area to come on stream. The first three—Ekofisk, West Ekofisk and Cod—are currently producing a total of about 400,000 barrels of crude a day, plus associated gas. This total is made up as follows: Ekofisk: 300,000-320,000; West Ekofisk 80,000-85,000; Cod: 9,000.

The Phillips spokesman said that when all seven fields in the group are producing (by late 1979 or early 1980) output would be between 700,000 and 750,000 barrels daily

● The Norwegian Prime Minister, the Odvar Nordli, to-day announced the details of a minor Cabinet reshuffle, to take effect to-morrow. It involves the appointment of four new Ministers: for Industry, Communications, Labour and Local Government and Consumer Affairs.

Mr. Olav Haukvik becomes Minister for Industry. The other three are all Labour MPs: Kirsten Myklevoll at Consumer Affairs, Arne Nilsen at Labour and Local Government; Asbjorn Jordahl at Communications.

Czech party 'divided'

PRAGUE, Jan. 10.

THE CZECHOSLOVAK President, Dr. Gustav Husak, to-day celebrated his 65th birthday amid renewed speculation of a row within the Communist Party leadership over economic policies and the treatment of dissidents.

Diplmatic sources said that Dr. Husak was trying to reconcile differing factions within the party on how to reorganise national industries, including widespread dismissals, and to revitalise the flagging national economy.

The President was also under pressure from security officials demanding clearer guidance on the handling of signatories of the Charter 77 human rights manifesto, the suroces added.

Diplomats who regularly see the President said that he was badly shaken by the death of his wife, who was killed when in a helicopter crash near their country home at Bratislava in October.

But the sources said that he had also been put under tremendous strain by discussions inside the party last month over economic planning.

Reuter

Shcharansky defence accusation

MOSCOW, Jan. 10.

THE MOTHER of the imprisoned dissident, Mr. Anatoly Shcharansky, has complained to Soviet legal authorities that she has been hampered in her attempts to find a lawyer to defend her son.

Mrs. Ida Milgrom charged in a letter to the Soviet Prosecutor General, Mr. Roman Rudenko, that KGB secret police officials in charge of the case against her son have given her until Friday to find a defence lawyer acceptable to them, or they will appoint someone to represent Mr. Shcharansky themselves.

Mrs. Milgrom said that Mr. V. I. Volodin, who is in charge of the investigation against her son, summoned her to his office on January 6 and gave the family the Friday deadline for appointing a defence lawyer.

UPI

Inflation rate falls in Holland

By Charles Batchelor

AMSTERDAM, Jan. 10.

HOLLAND'S WAGE and price controls led to a further cut in the rate of inflation in 1977, according to Central Statistics Office figures.

The cost of living rose 5.4 per cent. last year, compared with an increase of 8.3 per cent. in 1976. In the month to mid-December prices rose 0.1 per cent., compared with 0.2 per cent. in the month to mid-November. This decline was due largely to a fall in the price of winter clothing, potatoes, and fresh fruit and vegetables.

This is likely to reduce the amount of automatic price compensation employees receive, but the whole issue of price compensation is at present being reviewed.

The unions and employers are discussing whether the 1.9 per cent. compensation, which should have been paid on January 1, will in fact be distributed in full. The Government operates detailed price controls and has an informal agreement with the unions for a two-year freeze on basic rates of pay.

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON THURSDAY, 12th JANUARY 1978 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY

10¼ per cent EXCHEQUER STOCK 1995

ISSUE OF £800,000,000 AT £95.00 PER CENT

PAYABLE AS FOLLOWS:

On application	£30.00 per cent
On Monday, 27th February 1978	£65.00 per cent
	£95.00 per cent

INTEREST PAYABLE HALF-YEARLY ON 21 JANUARY AND 21 JULY

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive applications for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 21st July 1995.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 21st January and 21st July. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 21st July 1978 at the rate of £4.48 per £100 of the Stock.

Applications will be received at the Bank of England, New Issues, Watling Street, London, EC4M 9AA. Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £50,000 Stock must be in multiples of £500; applications for more than £50,000 Stock must be in multiples of £1,000. A separate cheque representing a deposit of £30.00 per cent of the nominal amount applied for must accompany each application.

Letters of allotment in respect of Stock allotted will be despatched by post at the risk of the applicant. No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the balance of the amount paid as deposit will be refunded by cheque despatched by post at the risk of the applicant; if no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment. Default in the payment of the final instalment by its due date will render the deposit liable to forfeiture and the allotment to cancellation.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, on any date not later than 23rd February 1978. Such a request must be accompanied by the letter of allotment. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the final instalment is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 27th February 1978.

A commission at the rate of 12½p per £100 of the Stock will be paid to bankers or stockbrokers on allotments made in respect of applications bearing their stamp. However, no payment will be made where the banker or stockbroker would receive by way of commission a total of less than £1.

Application forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA, or at any of the branches of the Bank of England; at the Bank of Ireland, P O Box 13, Donegall Place, Belfast BT1 5BX; from Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
9th January 1978.

THIS FORM MAY BE USED

For use by Banker or Stockbroker claiming commission—

(Stamp)

VAT Regn. No.
(If not registered put "NONE")

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON THURSDAY, 12th JANUARY 1978 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY

10¼ per cent Exchequer Stock, 1995

ISSUE OF £800,000,000 AT £95.00 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

The applicant named below requests you to allot to him/her in accordance with the terms of the prospectus dated 9th January 1978 a £ ...... pounds of the above-named Stock and hereby engages to pay the final instalment on or before the due date on any allotment that may be made in respect of this application as provided by the said prospectus. The applicant requests that any letter of allotment in respect of the Stock allotted be sent to him/her by post at his/her risk.

The sum of £ ...... being the amount of the required deposit (namely £30.00 for every £100 of the Stock applied for), is enclosed.

c I/We declare that the applicant is not resident outside the Scheduled Territories and that the security is not being acquired by the applicant as the nominee of any person(s) resident outside those Territories.

...... January 1978 SIGNATURE ......

of, or on behalf of, applicant.

PLEASE USE BLOCK LETTERS

SURNAME OF APPLICANT
MR/MRS/MISS OR TITLE ......

FIRST NAME(S) IN FULL ......

ADDRESS IN FULL ......

a Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £50,000 Stock must be in multiples of £500; applications for more than £50,000 Stock must be in multiples of £1,000. Applications should be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

b A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock".

c If this declaration cannot be made it should be deleted and reference should be made to an Authorised Depositary or, in the Republic of Ireland, an Approved Agent, through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include most banks and stockbrokers and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man; Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice EC 10.

d The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

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EUROPEAN NEWS

Gaullists spurn Barre election manifesto

BY DAVID CURRY

'HE GAULLISTS, the largest omponent in the majority sup- orting France's conservative oalition, have moved quickly to nark their distance from the Government's election manifesto aunched at the week-end by M. Raymond Barre, the Prime Minister.

They have also renewed their ccusation that the other coali- on members are conspiring to 'eate an anti-Gaullist front in e hope of seeing a sharply duced Gaullist representation the new National Assembly ter March's general election.

M. Yves Guena, a senior iullist in the entourage of M. cques Chirac the party leader, erely remarked that the mani- sto contained "interesting ements."

He was anxious to emphasise at it no way committed the ullists who would state their n election platform.

M. Chirac has always claimed it the Government should leave ectioneering to the individual rties and that M. Barre, in rticular, had no electoral role play.

The Gaullists think that a more orous attack against unemploy- nt is necessary, notably by an rly and sustained post-electoral couragement of consumption. ch reflation had no place in Barre programme which iphasises the need for two re years of economic recovery.

Secondly, the Gaullists are rried about one of their old -occupations—the place of ance in the world. They have zed upon President Carter's ent remarks on the undesira- ity of sharing power with the mmunists to M. Francois Mit- rand, the Socialist leader, to nplain about outside interfer- e in French affairs and, by plication, to question the Gov- ernment's enthusiasm for the cause of national independence.

The Gaullists fears about the anti-Gaullist front stem from the decision of the three non-Gaullist groups backing the coalition to present a single joint candidate in many constituencies where they have not reached agreement with the Gaullists for a candidate representing all the Majority parties.

This means that in these seats the Gaullists will face a single first round candidate from the other conservative parties as well as left-wing opposition. They claim that this amounts to an anti-Gaullist front.

Their annoyance is heightened by the fact that the non-Gaullist pact was put together under the patronage of the Prime Minister playing just the electoral role they dislike.

In roughly one-third of constituencies, there will be a single joint candidate for all the conservative parties and this is one factor which will help the Gaullists to remain the largest conservative party after the elections.

A special meeting of the committee monitoring the electoral agreement between the conservative parties will meet to-morrow at Gaullists' reques to seek "clarification."

Meanwhile, three minor changes have been made in the Government involving the promotion of women. M. Alice Saunier-Seite steps up a grade to become full minister in charge of the universities; M. Monique Pelletier moves into the Justice Ministry as Secretary of State retaining her responsibility for the drug problem; and M. Nicole Pasquier takes charge of questions relating to working women as Secretary of State at the Labour Ministry.

Pakistan firm on N-deal

BY SIMON HENDERSON ISLAMABAD, Jan. 10.

ACTING TO the official admis- n that France wants to re- otiate its contract to sell a lear reprocessing plant to istan, a Foreign Office state- nt issued here tonight eated that Pakistan would not ept any modification in the l.

'he spokesman emphasised t Pakistan had neither the ention nor the possibility of ng the by-product, plutonium; make nuclear bombs because the safeguards written into contract. France has said vould like to sell a so-called -processing plant" instead, which does not produce pure plutonium.

The carefully worded Pakistan reaction chose to open by weloming that part of the French statement which declared that France always honours the contracts it signs.

Both countries are under pressure from the U.S. to modify or cancel the deal, which Washington believes would be a serious breach of President Carter's policy of nuclear non-proliferation. All shades of political opinion in Pakistan want the deal to go ahead and deny that Pakistan would make an atomic bomb, which neighbouring India already has.

Algeria, France links at new low

By David Curry

PARIS, Jan. 10.

ALGERIA'S decision to exclude as far as possible French imports, except where contracts are in an advanced stage of negotiation or where spares and components are necessary, has caused no surprise in Paris.

It is accepted in Paris that relations with Algeria are as bad as at any time since independence. The open political conflict between the two countries has centred around French military support for Morocco and Mauretania against the Algerian-backed Polisario's campaign to establish a separate state in the former Spanish Sahara.

France recently protested against the detention of French hostages captured by the Polisario in Algeria.

Imperialism charge

Before the Sahara affair, French logistical support to move Moroccan troops to Zaire, to help repel raiders from Angola, had stirred Algerian charges of a new French imperialism.

But France has also noted the long Algerian campaign to cut down her dependence on French goods, which in 1976 accounted for around 30 per cent. of Algerian imports. Over the first nine months of last year, Algerian imports from France, at, according to Algerian figures, 4bn. dinars, were less than a quarter of imports.

The French surplus with Algeria has been a constant source of complaint. This was of the order of Frs.3.7bn. in 1976 on total two-way trade of some Frs.10.3bn. and only marginally less in the first 10 months of 1977, according to French statistics.

France's decision to look to Saudi Arabia rather than Algeria as the prime source of crude oil has also caused ill-feeling in Algiers, and it has been noted that the Algerian announcement of the limited boycott of French goods coincides with a visit of the French Industry Minister to Riyadh.

In practical terms the boycott means little to some of the biggest single traders with Algeria. Berliet, the Renault-owned commercial vehicle subsidiary, has been complaining for months that the state of Franco-Algerian relations had effectively destroyed its market for lorries in Algeria—at one time Berliet was supplying around 15 per cent. of total French sales to Algeria.

However, it is also admitted that the market was perhaps becoming saturated in any case.

Similarly, French motor manufacturers knew that they had no practical chance in the face of Fiat of pulling off a contract for motor vehicle assembly and manufacture.

The main sectors to suffer from the new measures seem likely to be steel products and, even more so, pharmaceuticals, which account for some 11 and 6 per cent. respectively of French sales.

Others to suffer will presumably include the engineering consultancy concerns which have traditionally had a big hand in the establishment of Algerian energy production.

Strong challenge

However, this is one of the sectors most vulnerable to the American challenge, which is now being launched in Algeria—a challenge which is strong enough to have made the U.S. the leading trade partner of Algeria over the past few months.

It is noted that the door has not been completely closed to trade. Negotiations, will be allowed to continue on well-advanced projects. French companies will still be considered for contracts when they are competitive and their credit terms are adequate, and the flow of material necessary to maintain existing plant and infrastructure will continue.

This is being taken as a sign that the crisis marks yet another of the cyclical low points in the history of Franco-Algerian relations and that an eventual upswing is not impossible.

Bonn protest over E. Berlin closure of Spiegel office

BY LESLIE COLITT BERLIN, Jan. 10.

THE WEST German Government to-night strongly protested to East Germany over the closure of the office in East Berlin of hte Hamburg magazine, Der Spiegel.

At the same time, the Bonn Government spokesman said West Germany planned no retaliation against East German correspondents here. He added that Bonn would do all it could to ensure that relations between the two states were not led into a blind alley.

The protest was delivered to Herr Michael Kohl, East Berlin's permanent representative in Bonn, who was called to the Chancellery by Herr Hans Juergen Wischnewski, the Minister of State.

A similar protest was also delivered in East Berlin by Bonn's representative there, Herr Guenter Gaus. The closure is the first of a West German correspondent's office in East Berlin. The East Germans took the action because of publication in Der Spiegel of a manifesto by an alleged East German dissident group which East Berlin says grossly slandered its leadership.

Leslie Colitt adds from Berlin: The magazine has published a manifesto by a group calling itself the Federation of Democratic Communists of Germany, which says that it wants the Soviets and Americans to leave both parts of Germany after which the country could become neutral and begin steps towards reunification.

The second part of the manifesto published this week speaks of widespread corruption and nepotism in the East German leadership, including Mr. Erich Honecker, East Germany's chief of State and party leader, his wife and top members of the Politbureau.

The East German Foreign Ministry has told Der Spiegel that in recent months it has "increasingly slandered the German Democratic Republic and its allies in a malicious manner and deliberately attempted, by the invention of news and reports, to poison relations between the German Democratic Republic and the Federal Republic of Germany."

The East Germans say, in their message, that the report on the East German opposition is an "evilly contrived work" and has been "fabricated by you together with the Federal Intelligence Agency" of West Germany.

The East German Foreign Ministry notes that "the Head of State and other leading personalities of the German Democratic Republic have been slandered in an especially infamous manner." It charges the news magazine with violating the regulations governing the work of journalists in East Germany that include refraining from "slander or defamation of the German Democratic Republic.

Soares near forming a government

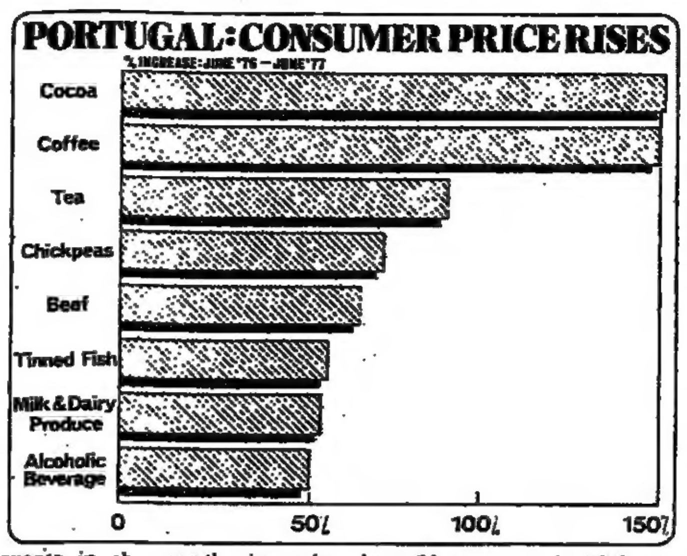
BY DIANA SMITH LISBON, Jan. 10.

AFTER TALKS and arguments often lasting long into the night, it seems that Prime Minister Mario Soares and his Socialist Party may have persuaded a heterogeneous gathering of independents and Christian Democrats to join them in a second constitutional government—with the tacit backing of the Communist Party.

Although Sr. Soares is suffering from a severe attack of influenza, he is spending to-day in a final round of meetings with leaders of other parties. Tomorrow he will see President Eanes and, barring a last-minute hitch, will report that he has found a workable basis on which to build a new administration.

The chances for the long-term success of a conglomeration of Socialists, independent technocrats and Christian Democrats, shored up by a separate agreement with Communists, are estimated to be relatively slim, despite Sr. Soares' insistence that the future Government will last until 1980, when the next general election is due.

The herculean task faced by a new administration is illustrated starkly by figures recently supplied by the Department of Economic Planning. The Portuguese man in the street—whose indifference to political events in the month since the minority Socialist Government of Sr. Soares fell has been all too visible—is heavily burdened.



Real wages dropped by an estimated 18 per cent. between December, 1976, and December, 1977. Unemployment, estimated by independent sources at about 400,000 out of a work force of 3,200,000, has only been reduced by 0.6 per cent. Although, officially, the food costs rose by about 32 per cent. in 1977 compared with 1976, a breakdown of prices of essential commodities reveals the drama faced by wage earners whose average monthly take-home pay is about $150. Items like chick peas, beef, tinned fish and dairy products went up by 73.3, 67, 58 and 56 per cent., respectively, between June, 1976, and June, 1977, although prices levelled off in the latter half of 1977.

Recently, a hotel employee whose take-home pay barely exceeds $110 a month complained that all she could find at the butchers' was a "lump of gristle, fat and string" which cost her $1.50 for less than a pound in weight, took two hours to cook and produced virtually nothing in nutritional value. Small restaurants, where once a pork chop or veal cutlet cost the equivalent of $1.00 or $1.20, now charge customers twice that amount for smaller lower quality portions.

Worse still for the Portuguese, the chocolate, coffee and tea which they once consumed without a thought for their price are now luxury items after price increases between June, 1976 and June, 1977, of 151.2, 149 and 91 per cent. respectively.

The Portuguese State budget is $450m in the red, the State is in debt to the tune of $4.124bn. The balance of payments deficit has exceeded $1.2bn., after rises in the value of imports of 49 per cent., and in volume of 15 per cent., which increased tourist revenue cannot offset.

All parties agree that early general elections would take a disastrous toll on Portugal's finances and political stability, but few observers hold out many hopes for the lasting strength of the new administration.

W. German industrial orders rise 0.5%

By Adrian Dicks

BONN, January 10.

NEW ORDERS to West German industry increased by 0.5 per cent. during November, according to preliminary figures issued to-day. But the rise in the overall index was the result of a 4 per cent. increase in domestic orders, set against a 2.5 per cent. decline in those from foreign customers.

At the same time, there was a 1 per cent. rise in industrial output during November, the Federal Statistical Office reported.

Continuing technical problems with the reckoning of both indicators still make caution advisable in trying to analyse the preliminary figures. Yet the drop in the export orders figure for November suggests that the much-discussed ill-effects of the Deutschemark's upward climb are already being felt by West Germany industry.

Taking October and November together there was a 6 per cent. increase in new export orders over August and September, with a particularly strong 9.5 per cent. rise in new export orders for capital goods—the classification considered to be the backbone of West Germany's business abroad.

In August and September, however, there had been sharp drops in this category, so that the index for export orders of capital goods, at 204, stood at the end of November only three points above its level six months previously, at the end of May.

Suarez adviser quits

Senator Alfonso Osorio, adviser to Spanish Prime Minister Adolfo Suarez, has resigned in disagreement with the Spanish Government's centre-left policy, Reuter reports from Madrid.

Social security arrears mount in Spain

BY ROBERT GRAHAM MADRID, Jan. 10.

IN A TELLING indication of the deepening cash flow problems of Spanish industry, more and more companies are finding themselves unable to pay their social security contributions. According to an unofficial estimate published to-day by the newspaper El Pais, industry will soon owe Ptas.200bn. ($2.4bn.) in social security arrears.

With bank credit costly and difficult to obtain, and a general running down of stocks, companies are using postponement of social security payments as a form of unofficial credit. There has been no attempt by the Government to discourage this practice and some companies are now doubtful of their ability ever to pay back arrears.

At the time of the signature of the Moncloa Pact in October—the series of political and economic measures agreed by the Government and main opposition parties—the issue was considered. But there was no real discussion. Now some economists, especially those in the Spanish Communist Party, feel this was a serious omission.

The Government is understood to have only a broad idea of industry's cash flow position. According to one well-placed source, the Government has been reluctant to confront the problem and has felt that publishing details on the social security arrears could be damaging to acceptance of its overall economic strategy.

The formal procedure for a company seeking postponement of social security payments is via a labour court. But it seems the labour court is rarely in a position to refuse an application.

The bulk of companies resorting to this expedient are small and medium sized. But a new development of late has been the appearance of larger companies too. According to El Pais, in Catalonia and the Basque country, the two regions which constitute Spain's economic pulse, an alarmingly high proportion of companies are affected by cash flow problems and are seeking to postpone social security contributions.

In Catalonia the number of companies seeking contribution postponements in the labour courts has risen from 600 to 3,000 within the last year. Of these roughly 750 had sought postponements of up to one year. In the Basque country's Vizcaya province about 40 per cent. of all industrial concerns are reckoned to be in arrears, according to El Pais. This includes the four biggest companies — Babcock Wilcox, Echevarria, Astilleros Espanoles and Altos Hornos, all in the troubled steel or shibuilding sectors.

AMERICAN NEWS

New York to appeal soon for federal financial aid

BY JOHN WYLES NEW YORK, Jan. 10.

THE NEW administration of Mayor Edward Koch in New York City will make its first formal appeal within the next ten days for more federal aid to help deal with a financial crisis which may take a turn for the worse this year.

Mr. Koch is putting the finishing touches to his projection of the city's financial needs, and his proposals for meeting them, which will be submitted to the Treasury Secretary, Mr. Michael Blumenthal, and the Senate Banking Committee.

During committee hearings last month, Mr. Blumenthal and the committee chairman, Senator William Proxmire, appeared cool towards the idea of continuing the season loan programme of federal aid which has helped ease New York's cash flow problems during the past two years.

Washington has become impatient with the lack of evident progress in the city's bid to curb its budget deficits, which are expected to amount to $400m. in 1978. This projection does not include possible pay rises being sought by the municipal employees' unions which, if granted, could leave Mr. Koch with no alternative to swingeing cuts in employment and services.

The question of federal aid has become inexorably bound up in political considerations, involving a projected pay rise for city councilmen and other elected officials and a proposed $750m. tax cut in New York state.

Federal opposition, supported by Mr. Koch, helped to reverse a city council vote in favour of the pay rises just before Mayor Abraham Beame left office at the end of December, but the New York state tax cut looks likely to become an extremely lively issue. Governor Hugh Carey of New York, who faces a campaign for re-election this year, is adamant that this should go through, and is unsympathetic to opinion in Washington, which is believed to be supported by Mr. Koch, that some of this money should be made available to help the ailing city.

However, Mr. Koch and Governor Carey managed to present a united front after a meeting in Albany yesterday at which the question of framing a long-term financing programme was discussed. The main proposal, in fact the only one, was that the city's problematical return to the credit markets should be smoothed by the state guaranteeing 10 per cent., and the federal government 90 per cent., of any loans.

This plan has been framed by Mr. Felix Rohatyn, chairman of the Municipal Assistance Corporation (MAC), a New York state body which has successfully mounted a number of note issues on behalf of New York city. It estimates the city's borrowing needs over the next four years at more than $5bn. and calls for investment in New York securities by municipal pension funds, commercial banks and state pension funds.

Mr. Koch was studiously vague yesterday as to whether the Rohatyn plan would be incorporated in his proposals to Washington. But, since this is the only suggestion for dealing with the long-term financing problem to have surfaced recently, some elements look likely to be taken up.

More concretely, Mr. Koch will be reviving a familiar New York theme about the unfair burden of welfare payments which the city has to carry. At $1bn. a year, this amounts to 25 per cent. of the entire welfare bill of the city. New York city argues that this is a far higher proportion than other cities have to find, and that the federal government and the state should take a far larger share.

Trib hit by distribution hitch

NEW YORK, Jan. 10.

AT LEAST four wholesale distributors refused to deliver The Trib on Tuesday to news-stands, according to Mr. Robert Vedder, general manager of the new morning newspaper in New York.

Mr. Vedder said that the four including Metropolitan News, which distributes The Trib to most of the Manhattan vendors—called the printing plant after midnight and told him that they were not accepting delivery of the paper because of a "labour dispute."

Mr. Vedder said that he could not determine the nature of the dispute. A spokesman for the distributors could not be reached immediately.

The Trib has contracts with 28 metropolitan area distribution companies responsible for dropping off bundles of newspapers to vendors. Mr. Vedder said that most of the press run of about 260,000 copies would be delivered to vendors by Trib delivery trucks if necessary. Normally, a newspaper truck drops bundles only at the distribution centres.

Mr. Vedder said that the distributors began calling individually shortly after midnight. At least four had called in by 5 a.m., he added, saying that he was not certain how many of the 28 distributors were participating.

Mr. Leonard Saffir, publisher and editor-in-chief, called the distributors' action illegal, and said that it was another attempt "to destroy this paper," which began publication on Monday.

The paper has been fighting a lawsuit filed by the New York Times and the International Herald Tribune. They accuse the Trib of trade mark infringement on the now-defunct New York Herald Tribune.

Last month, the Times and the International Herald Tribune sought an injunction to prevent The Trib from appearing with that name, but the judge who took that request under advisement is now on vacation.

UPI

Bribery charges dropped

BY OUR OWN CORRESPONDENT NEW YORK, Jan. 10.

THE U.S. Government has withdrawn a bribery prosecution against a former U.S. Congressman, Mr. Edward A. Garmatz, of Maryland, after publicly saying that some of the important evidence to support the charges had not been proved true.

Mr. Garmatz had been accused of conspiring to receive $15,000 in "unlawful gratuities" when he was Chairman of the House Merchant Marine and Fisheries Committee in the early 1970s.

In dropping the charges, the federal Government, represented by Deputy Assistant Attorney-General Russell T. Baker, said that some documentation did not corroborate certain testimony.

GEN. PINOCHET

A tight grip on Chile

By Robert Lindley in Santiago

GENERAL AUGUSTO PINOCHET, the President of Chile, has strengthened his position as the leading member of the four-man military junta as a result of the "national consultation," on January 4.

"Now I am in front and the other three are behind," he exclaimed after the votes had been counted. The general was rewarded with 75 per cent. of the votes when the following statement was put before the citizenry:

"In the face of international aggression unleashed against the Government in our country, I support President Pinochet in the defence of Chilean dignity and I reaffirm the dignity of the republic to lead with sovereignty the country's process of democratisation."

Any doubts about his position as the first among peers were dispelled resoundingly on January 4. Now with the overwhelming power of his army apparently almost totally unified behind him, he could easily push through a constitutional act which would confirm this clearly.

In his somewhat gloating victory speech in front of Government House on the night of January 4, Gen. Pinochet replied to his own question—"And now what?" But his reply was not really an answer.

He promised a change of foreign policy and, to make it more "pragmatic and aggressive," the next day the Foreign Ministry sent a scathing letter to the UN Secretary-General, Dr. Kurt Waldheim. But the import of Gen. Pinochet's manoeuvre—which, as was widely foreseen, has brought increased international opprobrium on to his regime—is not abroad but inside Chile.

On victory night, he also promised (with the skill of a winner who has learned in four years how to ride a wave of his own making), "there will be no more elections, no more voting, no more consultations for ten more years."

Before the consultation, he had said there would be elections for two-thirds of a legislature as early as 1984. With the landslide victory in his pocket, Gen. Pinochet said only, "gradual construction of a new institutional democracy" would continue and that the make-up of the junta would remain unchanged.

This latter scrap was tossed to the navy commander and junta member, Adm. José Merino, who had expressed his "total disagreement" with the "national consultation" so hastily called by Gen. Pinochet. Adm. Merino and Gen. Gustavo Leigh, the air force chief, and considered the number two man in the junta, had written letters to Gen. Pinochet. Adm. Merino emotionally protested having been put in a "de facto" situation and Gen. Leigh complained more coolly that the consultation would only worsen Chile's image abroad.

Moment for unity

Adm. Merino was on the platform with Gen. Pinochet on victory night, apparently reconciled to the consultation once the Pinochet landslide majority had become obvious. Gen. Leigh was not there, but he came round the next day with a statement that there was no division in the junta and that the moment was one for unity and not division. His change of mind may have been conditioned by Chile's increasingly serious dispute with Argentina over islets in the Beagle Channel near Cape Horn.

Gen. Pinochet seems to have no intention of dissolving the junta, probably largely because of the possibility of armed conflict with Argentina.

But, given his apparent popularity he may try to form a mass civil movement. Gen. Pinochet has long been talking about something he calls a "national unity movement," but so far he has done nothing about forming it.

Possibly in danger now are a number of organisations and publications which so far have been tolerated by the regime. It would seem that the most exposed are the Vicariate of Solidarity — which is protected by Cardinal Raul Silva the Roman Catholic Archbishop of Santiago and regularly publishes the numbers of missing persons — Mensaje, a monthly opposition magazine put out by the Jesuits, and several research institutes run by the Christian Democratic Party, which like all other political parties is outlawed.

The greatest threat may be to the trade unions, mostly in effect run by the Christian Democrats and the Communists in spite of formal government control of them.

Doubts on interest rate rise

BY STEWART FLEMING NEW YORK, Jan. 10

THE LAST month of the chairmanship of Dr. Arthur Burns at the Federal Reserve Board promises to be as controversial as any during his eight-year tenure. There are already serious misgivings about the impact on the economy of the Fed's use of domestic interest rates to support the dollar, not only within the Fed but also on Wall Street.

Considering how abruptly the Carter Administration last week changed its policy on the dollar, the scepticism with which many New York bankers have greeted the change should not be surprising.

But as the events of the past few days have unfolded more bankers — while still arguing that the impact of the new policy initiatives is primarily psychological — are suggesting that they will help to support the U.S. currency in the short term.

Alongside this perception, however, investors on Wall Street in both the long-term bond and equity markets are recognising that supporting the dollar may entail adverse effects on the economy.

These anxieties are amply reflected in the steady decline in share prices over the first five trading days of the New Year. The Dow Jones industrial average has slumped over 46 points, sinking below the 800 support level, which it has not done since October, 1975.

Bond prices too have fallen sharply, and in the short-term money markets more banks are following Citibank's lead in increasing prime rates to 8 per cent. Analysts are also expecting higher short-term interest rates.

These reactions are leading to increasing criticism of the Administration's initiatives; and this time even Dr. Burns does not seem to have carried all his colleagues with him.

Thus it is reported that Mr. Charles Partee, a member of the Federal Reserve Board, has suggested that the price which the domestic economy is being asked to pay for supporting the dollar is too high. Mr. Partee disagreed with last week's decision by the Board to increase the Fed's discount rate from 6 per cent. to 6½ per cent., fearing that it would not do much to help the dollar but would create new problems for the economy.

Mr. Michael Evans, a forecaster for the consultants Chase Econometrics, shares Mr. Partee's anxieties. He fears that with short term interest rates rising well above 6 per cent., savers will begin to buy fixed interest securities directly, which will restrict the flow of funds to savings institutions, particularly those which supply funds for housing.

There will be a similar adverse impact on other sectors of the economy sensitive to interest rates, such as consumer durable spending and capital investment, he fears. In combination, Mr. Evans suggests these influences will tend to depress the economy.

Mr. Evans does not think the prospective benefits to the dollar are worth these risks. Like others on Wall Street he sees the impact of increasing interest rates on the dollar as being primarily psychological, but tends to discount this impact.

Thus the argument runs that it will require a much sharper upward adjustment of interest rates than appears either to be contemplated — or politically acceptable—to have much impact on attracting funds to the United States and thus in supporting the dollar. The half a percentage point increase to 6½ per cent. in the discount rate, and the upward shift of the Fed funds rate to perhaps 6¾ per cent., from the 6½ per cent. at which it has been standing for the past three months, is simply not enough in a period of floating exchange rates, the sceptics say.

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Some traders in the foreign exchange market, including for example Mr. Hans Hunsch, Senior Vice President and Head of Foreign Exchange at Bankers Trust, one of the largest New York banks, are far less pessimistic about the short-term outlook.

While they do not dispute that what the Administration has done so far has a primarily psychological impact, they argue that the influence of these initiatives is likely to be greater than the Administration's critics contend.

Indeed, some influential New York bankers have been pressing the Administration to raise the discount rate for several weeks according to one well-informed source.

These analysts argue that the fact that the Carter administration and the Federal Reserve have for the first time in several years, resorted to using the interest rate weapon to defend the dollar lends credibility to the policy.

Of particular significance they say was yesterday's open market activity by the Federal Reserve Board. At mid-morning, the Fed intervened in the New York money market and drained reserves from the banking system, putting upward pressure on short-term interest rates. The willingness of the Fed to take this action, which has a direct impact on the U.S. economy, reinforces the psychological impact of the increase in the discount rate, it is argued.

It was this demonstration of the Fed's determination, coupled with the uncertainty about how far it is ready to push up short-term interest rates—an uncertainty which remains—th[at] helps to account for the sha[rp] fall in bond prices and [the] further decline in Wall Stre[et] share prices yesterday.

There are hopes that [the] Administration's moves to de[al] with the dollar problem ha[ve] only begun: these in part refle[ct] the recognition that what h[as] been done so far is not like[ly] to have a long-term impact, a[nd] need to be followed up wi[th] action on the "fundamentals" —the balance of payments a[nd] energy imports.

Some foreign exchange analy[sts] suggest that they already dete[ct] a greater sensitivity in Washi[ng]ton to the linkage between t[he] dollars' problems and ener[gy] policy.

Moreover in the longer te[rm] context, one banker sees t[he] reversal of the Carter admin[is]tration's policy on the dollar breaking the "logjam" of inte[r]national policy initiatives. N[ow] that the Administration h[as] moved to support the dollar a[nd] abandoned its posture of detac[h]ment it will be easier, it [is] argued, to achieve wider inte[r]national agreement on econom[ic] problems.

But even some of th[e] bankers who are inclined to gi[ve] more weight to the Cart[er] administration's initiatives, co[n]tinue to harbour reservations.

They question the degree [of] co-ordination and agreement b[e]tween the Federal Reserve Boa[rd] and the Treasury and they a[re] uneasy at the evident haste [of] the policy reversal and wh[at] they suspect has been a lack [of] contingency planning; they a[re] also aware that the Administr[a]tion's commitment has not bee[n] really tested by the exchang[e] markets. If it is, they belie[ve] the strains within the Admini[s]tration and the Fed will inte[ns]ify. How will the new suppo[rt] policy stand up to these? Ho[w] too will it stand up to pressu[re] from domestic critics concerne[d] about the impact of dollar su[p]port policies, in particular risi[ng] interest rates, on the economy. These questions have yet to [be] answered.

Central bankers from the U.S. and the major balance-of-payments surplus countries, who ended their regular, monthly, two-day meeting in Balse yesterday, failed to reach full agreement on how to achieve a lasting solution to the problems caused by the weakness of the dollar.

Reuter reports that a U.S. call for the surplus nations, in particular West Germany and Japan, to do more to boost their economies and take in U.S. imports annoyed the Germans but left the Japanese relatively unruffled.

U.S. Federal Reserve Board chairman Arthur Burns apparently put no pressure on the surplus countries to reflate. However, central bank sources said yesterday that while the U.S. may not have applied overt pressure it nevertheless made plain that it considers that the action taken so far by the strong currency nations was inadequate.

Prime rates increase spreads

BY OUR OWN CORRESPONDENT NEW YORK, Jan. 10.

THERE WERE clear signs to-day that last week's increase in commercial bank prime lending rate initiated by Citibank is beginning to spread rapidly through the whole U.S. banking industry.

This morning a number of banks across the country, including Bank of America, Morgan Guaranty Trust, Bankers Trust, Manufacturers Hanover Trust and Continental Illinois National Bank all announced an increase from 7¾ per cent. to 8 per cent. in prime rate—the rate they charge on loans to their best customers.

A number of other banks, including Chase Manhattan and Chemical Bank in New York, followed the Citibank lead yesterday.

In the money markets and bond markets, investors were still anxiously watching interest rate trends. Short-term interest rates have not yet fully reflected the upward thrust to rates which the Federal Reserve Board has induced through its increase in the discount rate to 6½ per cent. and through what have been interpreted as credit tightening moves in its open market operations. However, long-term bond prices have fallen sharply.

Heinz optimistic

H. J. HEINZ Co expects a "satisfactory" increase in earnings for the third quarter ending January 31, vice-chairman Mr. R. Burt Gookin told analysts, reports Reuter from Chicago.

The company earned 73 cents a share in last year's third quarter.

Financial Times, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

OVERSEAS NEWS

Trade, aid issues for Callaghan

By Simon Henderson

ISLAMABAD, Jan. 10.

TRADE, AID and immigration are expected to be the main topics in talks which Mr. Callaghan, the Prime Minister, has with Pakistan's military ruler, General Zia-ul Haq, during his three-day visit which starts to-morrow.

General Zia will also be interested to hear of Mr. Callaghan's official meetings in Bangladesh and India. There is no formal agenda for the two hours of talks in which it is also possible the question of Pakistan's return to the Commonwealth will be raised.

Public interest in this has heightened to the extent that the Right-wing Muslim League political party has urged General Zia to make a formal application. Popular sentiment considers that with Commonwealth membership, Pakistani immigrants living in Britain would get a better deal.

Even if not discussed at official level, local journalists are determined to ask the question at a news conference scheduled for Thursday. Details will also be requested then on the reported negotiations to sell India Jaguar strike fighters, as Pakistanis consider they may alter the balance of power.

Any attempt by Mr. Callaghan to underline his support of President Carter's policy against nuclear proliferation may earn him a sharp rebuff. Pakistan is very upset that France is trying to renegotiate the deal to build a nuclear reprocessing plant in the Punjab.

White detained in Namibia

WINDHOEK, Jan. 10.

SECURITY POLICE said to-day they have detained Mr. Peter Manning, the first white member of the Swapo nationalist movement, to be held under the Terrorism Act.

Police said Mr. Manning, 31, was detained here yesterday. It was not known whether he would be charged or held in preventive detention. No reason was given for his arrest.

A spokesman for Swapo (South West Africa People's Organisation) said little was known about Mr. Manning except that he had studied at the University of Natal, and spent some time in Britain. He was one of about a thousand white members of Swapo in Namibia and South Africa, the spokesman said.

Reuter

Begin denies proposal to barter land with Egypt

BY DAVID LENNON

TEL AVIV, Jan. 10.

ISRAEL IS not considering trading territory in the Negev for the land in northern Sinai on which Jewish settlements have been built, Mr. Menahem Begin, the Prime Minister, said to-day.

He was denying reports that Israel would be willing to cede land in the Negev to Egypt, possibly to create a land corridor between Sinai and Jordan.

Some Israeli Ministers even went so far as to criticise the suggestion in public. They asserted that the Government had no right to give up territory which was internationally recognised as a part of Israel.

Mr. Begin also said to-day that Egypt had not asked Israel to pay compensation for the oil pumped from the Abu Rodeis field in Sinai. Mr. Mamdouh Salem, the Egyptian Prime Minister, said yesterday that Cairo would demand that Israel pay more than $2bn. compensation for the oil Israel pumped from the field between 1967 and when it was returned to Egypt in 1975.

After four hours of debate this morning, the Knesset foreign affairs and defence committee approved the Government's plan to build four new settlements on the West Bank.

This decision had been challenged by one of the coalition partners, the Democratic Movement for Change. The DMC had argued that Israel should refrain from creating new Jewish settlements in occupied territory while peace negotiations are in progress.

But the Knesset committee finally approved the Cabinet decision by 14 votes to 9.

Mr. Yosef Tamir, a member of Mr. Begin's Lukid bloc, accused those who favoured expanding Jewish settlements at this juncture of being against peace. But he finally accepted party discipline and voted to support the plan to build one new settlement on the West Bank each month for the next four months.

Oddly enough, the Gush Emunim movement, which has been most insistent on increasing Jewish settlements on the West Bank, to-day announced that it had run out of people willing to join the settlements.

The ultra-nationalist group said that if the Government wants to increase the number of settlements, it would have to appeal to the public to volunteer.

Meanwhile, preparations for enlarging the Jewish settlement area in northern Sinai continued at a rapid pace to-day. Additional bulldozers and heavy earth-moving equipment were moved on to the site west of El Arish which Israel plans to farm shortly.

No mending of Iraq-Syria rift

BY IHSAN HIJAZI

BEIRUT, Jan. 10.

EFFORTS to reconcile the rival Iraqi and Syrian regimes and so form a united front of those Arab States rejecting President Sadat's peace initiative are still facing difficulties, arising mainly from the stand taken by Baghdad.

Col. Houari Boumedienne, the Algerian leader, who has been touring Arab countries, is due in Damascus later this week for talks with President Hafez Assad. Col. Boumedienne has already visited Baghdad with the hope of closing the gap between Iraq and Syria. Observers noted that no joint communique was issued on the Algerian-Iraqi talks indicated that success was lacking.

Unless progress is made, it would be difficult to hold the projected second meeting of Arab States opposed to Mr. Sadat, the observers said.

President Ahmed Hassan al Bakr of Iraq has issued invitations to these States to meet in Baghdad, provided Iraqi terms are accepted. The terms were rejected by the first conference, which was held in Tripoli, Libya, last month, prompting the Iraqi delegation to walk out.

The Iraqi regime was reported still to be insisting that Syria must renounce UN Security Council resolutions 242 and 338 for a peace settlement with Israel. Damascus maintains such a move would be tantamount to a declaration of war on Israel.

For its part, Syria has made several gestures to show its readiness to co-operate with Iraq. It is reported to have informed Baghdad of its agreement to have Iraqi troops stationed in the Golan front against Israel.

A Kurdish faction which has been active against the Iraqi regime from Syria has been instructed to discontinue its operations. The faction, known as the "Kurdish National Union" and led by Mr. Jalal Talabani, has sent a special envoy to Baghdad to discuss reconciliation with the regime there.

All propaganda attacks against the Iraqi regime by the Syrian State-controlled media have stopped.

By contrast, the Iraqi Government has denied reports that it was discontinuing the "Voice of Palestine" radio broadcasts from Baghdad which have been attacking Syrian and PLO leaders.

The radio is known to be controlled by Palestinian dissidents led by the man known as Abu Nidal, who was held responsible by certain Palestinian quarters for the assassination of the PLO representative in London, Mr. Said Hammami.

Shah sees Saudi leaders

RIYADH, Jan. 10.

THE SHAH of Iran, to-day arrived in Riyadh, the Saudi Arabian capital from Egypt for a brief visit and talks with Saudi leaders.

King Khaled met the Shah at the airport. The official Saudi news agency said the visit would last "several hours". The Shah was expected to review with Saudi leaders the results of his talks with President Anwar Sadat, of Egypt.

Before leaving the winter resort of Aswan in Southern Egypt, the Iranian ruler voiced support for Mr. Sadat's peace moves and said the next move was up to Israel.

However, the leader of the predominantly Shia Moslem state of Iran stopped short of saying that East Jerusalem, annexed by Israel in 1967, should be returned to the Arabs as Mr. Sadat has demanded, although he said the Moslem holy places should be run by Moslems.

President Sadat reaffirmed his opposition to Jewish settlements in the Sinai peninsula and confirmed that Egypt would claim $2.1bn. in compensation from Israel for oil extracted during the Israeli occupation of Egyptian oilfields.

UPI

Front likely to accept talks offer

By Michael Holman

LUSAKA, Jan. 10.

THE RHODESIAN nationalist alliance, the Patriotic Front, is considering an invitation to meet Dr. David Owen, the British Foreign Secretary, on or after January 18, Mr. Joshua Nkomo, co-leader of the front, announced in Lusuka to-day.

Acceptance of the invitation, which reached Mr. Nkomo during his recent visit to Cuba, would depend on whether Dr. Owen could convince the Front that such a meeting would be worthwhile, said Mr. Nkomo.

However, sources in Mr. Nkomo's Zimbabwe African People's Union (ZAPU) subsequently indicated that a meeting was very likely.

Speaking at a press conference, Mr. Nkomo said he did not retract his description of the Anglo-American settlement proposals for Rhodesia as "dead." However, "if Dr. Owen proves honestly and sincerely that he pushed air (life) into it . . . in a manner acceptable to us, then he has resurrected his dead thing."

To-day's announcement is the expected consequence of the meeting of the African front line states, and Mr. Nkomo and fellow PF leader Robert Mugabe, in Beira shortly before Christmas.

The presidents drew up a four-point declaration which included support for the "positive aspects" of the Anglo-American proposals.

Observers believe that to-day's development has also been spurred by reports suggesting that Rhodesian Prime Minister Ian Smith has been making headway in his talks with internally-based African leaders.

Despite the likely meeting with Dr. Owen, Mr. Nkomo had several harsh things to say about the British Government. Apart from repeating his objections to the Anglo-American plan, he aired his suspicions about the British attitude to the internal talks.

The British Press, he claimed, had been "put on standby" to produce reports "that will make the Patriotic Front feel that doom is near."

Mr. Nkomo accused the British Government of planting two journalists at Chimoio, the guerilla camp in Mozambique which was attacked by Rhodesian forces in December, so as to provide eyewitness reports presumably designed to demoralise the Front.

But Mr. Nkomo attacked Bishop Muzorewa who is taking part in the internal talks.

He accused the bishop of seeking evidence from Mr. Smith that a "sellout settlement" could be defended.

VIETNAM-CAMBODIA CONFLICT

Fighting reported to have eased

BY OUR FOREIGN STAFF

FIGHTING IN the border confrontation between Vietnam and Cambodia has become less intense, according to agency reports out of Bangkok, and broadcasts yesterday from Phnom Penh and Hanoi suggested a moderation in the propaganda war.

Sweden's Ambassador Extraordinary, Mr. Kaj Bjoerk, who arrived in Phnom Penh at the week-end "on a mission" along with a Tanzanian envoy, yesterday met Mr. Ieng Sary, Cambodia's Deputy Prime Minister and Foreign Affairs Minister. His arrival followed the return from a "personal" visit to Cambodia of Sweden's Ambassador to Thailand at the end of last month.

Yesterday Sweden's Ambassador to Vietnam, Mr. Tscherning, met Mr. Truong Chinh, the chairman of the Standing Committee of Vietnam's National Assembly. No information on what was discussed was available.

Phnom Penh radio exhorted Cambodians again yesterday to eliminate from "all our factories and our entire national community" the activities of "remnants of the enemy planted within." The radio had first alluded to the possibly dubious loyalty of some Cambodians the day before.

The radio also repeated yesterday its claim that Cambodia was mopping up remnants of Vietnamese forces, and stated that a Vietnamese penetration along Route 19 in the north had been repelled last Sunday. Diplomatic and intelligence sources continued to discount such reports and assessments remain sketchy.

It remained unclear yesterday whether the Vietnamese had in fact reached as far as Neak Luong, 35 miles from Phnom Penh, as was earlier intimated. Nor was it clear that Svay Rieng, the provincial Cambodian capital in the Parrot's Beak region, was under Vietnamese control, though it is thought that the surrounding region may well be.

The lull in the fighting, which has become apparent may indicate a modification in Cambodian military strategy inasmuch as it reflects a decision not to confront head-on the superior forces of Vietnam.

Regional ties essential

BY RICHARD NATIONS

BANGKOK, Jan. 10.

VIETNAM is mounting a big diplomatic offensive to gain international support for its border war against neighbouring Cambodia, in which Vietnamese troops now apparently occupy a slice of Cambodian border territory.

The focus of this offensive is a high-level 20-man mission headed by Mr. Nguyen duy Trinh, Vietnam's Foreign Minister, to the major capitals of South-East Asia, who is accompanied by Mr. Vo Dong Giang, Vice-Foreign Minister, a man who played a critical role in the final stages of the Vietnam war.

The mission—officially dubbed a trade mission—is believed to be as much to evade the threat of Sino-Cambodian encirclement as to drum up economic support for Vietnam's huge domestic reconstruction efforts.

Until very recently Vietnam regarded the members of the Association of South East Asian Nations (ASEAN)—the regional economic association to which the countries on the mission's agenda belong—as an imperialist instrument indistinguishable from the U.S.-dominated regional military alliance—Seato—which backed the South Vietnamese war effort.

The tone has now changed noticeably. While underscoring bilateral relations and carefully avoiding reference to Asean, the joint declarations and Press statements issuing from the Trinh visits constantly reiterate that the time is now ripe to "improve relations among all nations of the region, to promote peace, independence, freedom and neutrality in South-East Asia."

Vietnam does without doubt stand to gain some concrete benefits from the bilateral trade and technical co-operations agreements, Mr. Trinh has vigorously promoted during his tour. Malaysian expertise can contribute to the rehabilitation of Vietnam's war decimated rubber plantations and help develop a palm oil industry.

Most observers see the Trinh tour as a continuing effort to broaden Vietnam's contacts in the region to forestall a drift into isolation in the wake of China's renewed attention to South-East Asia in recent months.

Indonesia offers a source of petroleum and the hope of regularising the conflicting territorial claims on the continental shelf of the South China sea near the Natuna Island which impede oil exploration.

Thailand would like to legalise its fishermen's poaching in Vietnamese waters in exchange for a share of the profits. And Singapore—left out of the Trinh intinerary due to continuing Vietnamese pique over Mr. Lee Kuan Yew, the Prime Minister's refusal to return Vietnamese hijackers—can offer investment and expertise in consumer industry.

However, observers here consider trade potential distinctly marginal in view of Vietnam's enormous reconstruction needs—limited not only by Hanoi's slender foreign exchange reserves but its current export potential. The anthracite, superphosphate, ground nuts, canned meats, fruits and cigarettes listed among Vietnam's 26 commodities for exchange in its Malaysian trade agreement boast neither the volumes nor command the regional markets to finance the rice, oil, tin, rubber goods, pharmaceuticals, cement, steel, that the Asean countries can offer.

Indeed, the trade agreement with Malaysia signed January 5 granted mutual favoured nation status and specified payment in local currencies.

Most observers here see the Trinh tour as a continuing effort to broaden Vietnam's contacts in the region to forestall a drift into isolation in the wake of China's renewed attention to South-East Asia in recent months.

China has repeatedly underscored its endorsement of Asean as a regional associate in line with its policy of securing a diplomatic buffer against the spread of Soviet regional influence already entrenched in Hanoi and Vientiane. Cambodia has responded to the Chinese line and made overt gestures particularly to the Thais and Malaysians.

Well-informed observers in Hanoi and Hong Kong see the Cambodian Premier Pol Pot's November visit to Peking as the catalyst that triggered Vietnam's latest diplomatic thrust into the region—normalising relations with Thailand's re-opening its air corridor into South-East Asia, and now developing trade. The now open border war with Cambodia can only add urgency to Vietnam's new diplomatic offensive.

Israel seeks troop limits

BY OUR OWN CORRESPONDENT

TEL AVIV, Jan. 10.

ISRAEL'S DELEGATION to the military talks with Egypt will take a detailed plan for Israel's withdrawal from Sinai when it flies to Cairo to-morrow afternoon.

The talks are due to open formally to-morrow evening, but are expected to adjourn on Friday. The first meeting of the political committee, whose formation like that of the military, was decided by Mr. Begin and Mr. Sadat on Christmas Day, takes place next Monday.

The 10-man team, headed by Mr. Ezer Weizman, the Defence Minister, will be empowered to deal with all aspects of the Sinai arrangements. It is expected to attempt to map out the future border between the two countries.

It will also press for safeguards to ensure that Egypt does not use the returned territory to launch a military attack on Israel.

Mr. Weizman will propose that the size of the military forces, which Egypt maintains in the eastern part of Sinai will continue to be limited, as was agreed when Israel returned that area to Egypt in 1975.

Israel will offer to return the bulk of the peninsular, which is still under Israeli control, to Egyptian sovereignty but propose it be divided into two zones.

Israel expects tough bargaining on its demands. Jerusalem is well aware that Egypt objects to any limitation of the forces in the land returned to it, unless matched by a similar limitation for demilitarisation on the Israeli side of the border.

ON OTHER PAGES

APPOINTMENTS

LEGAL NOTICES

No. 004141 of 1977

In the HIGH COURT OF JUSTICE Chancery Division, Companies Court. In the Matter of STANHOPE OWEN (HOLDINGS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 21st day of December 1977, presented to the said Court by WILLIAM HIGHAM TONG (Social Worker) of The Limes, Oakhill Road, Sevenoaks, Kent, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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London EC2V 7JA.
Tel: 01-606 7080.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

No. 004150 of 1977

In the HIGH COURT OF JUSTICE Chancery Division, Companies Court. In the Matter of GALLUS (BUILDERS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 21st day of December 1977, presented to the said Court by M. WISEPART LIMITED whose registered office is 245/253 Wick Road, London, E.9, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
55-59, Oxford Street,
London W1R 1RD.
Ref. KS/MW/80941.
Tel. 01-439 5701.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

PUBLIC NOTICES

CITY OF MANCHESTER

Bills amounting to £11.9m. were issued on 11th January, 1978, for maturity on 12th April, 1978, at £98.54½%. The total amount applied for was £122.5m. The total amount of bills outstanding is £11.9m.

GLOUCESTER COUNTY COUNCIL

£2.5m. bills issued 11.1.78 at 5⅞%, to mature 12.4.78. Applications were 13.5m. Total outstanding 4.5m.

BOND DRAWINGS

CHILEAN EXTERNAL LONG-TERM DEBT—LAW NO. 8962
CITY OF VINA DEL MAR (CHILE)
5% STERLING LOAN 1913

Midland Bank Limited announce that the redemption instalment for the sinking fund of 25 January, 1978, has been met by a drawing of Bonds to the nominal value of £1,080.

The distinctive numbers of the bonds drawn in the presence of a Notary Public are as follows:—

Serial Numbers £20

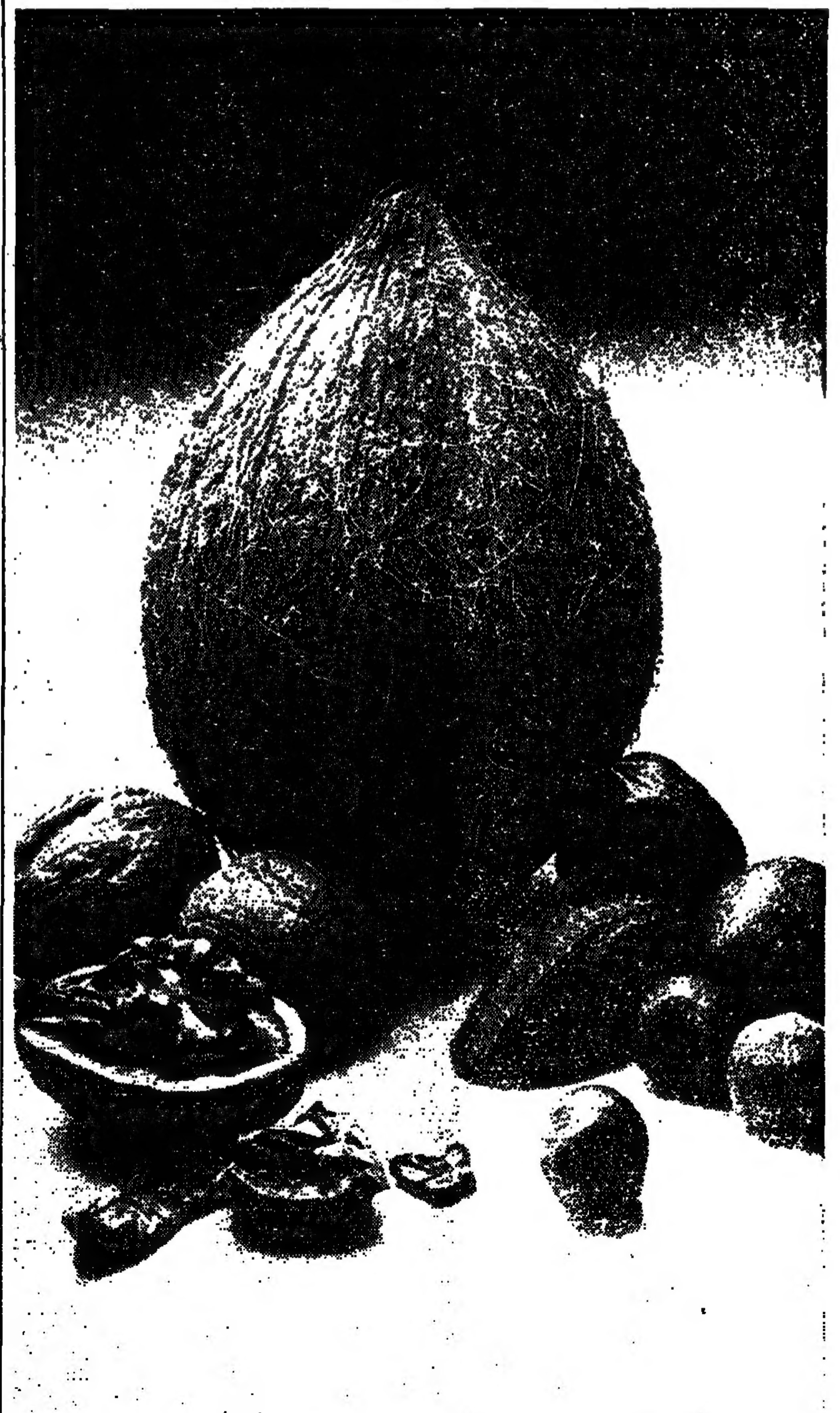
23	119	302	305	460
479	644	715	935	1104
1122	1351	1447	1506	1773
1587	2001	2209	2331	

Serial Numbers £100

33	387	688	1136	1235
1394	1477			

The above bonds should be presented at the New Issue Department of Midland Bank Limited, listed on the appropriate form and must bear all coupons subsequent to 25 January, 1978, otherwise the amount of the missing coupons will be deducted from the principal moneys. The usual interval of four clear days will be required for examination.

Midland Bank Limited,
New Issue Department,
Mariner House,
Pepys Street,
London EC3N 4DA.



WORLD TRADE NEWS

British Leyland strikes slow U.S. sales rise

BY JOHN WYLES — NEW YORK, Jan. 10.

BRITISH Leyland managed a modest increase in its United States sales last year, but the disruption of supplies because of strikes at U.K. plants prevented any real exploitation of the booming market for imported cars.

While foreign car sales leaped by nearly 40 per cent. over the 1976 total, BL's increase was 6.7 per cent., from 64,052 to 68,401. A spokesman at the company's U.S. headquarters in New Jersey said that the Leyland toolmakers' strike last February had knocked "a tremendous hole" in sales during April and May, and the two month strike at Speke, Liverpool was continuing to hit sales of the Triumph TR7.

Despite this, the TR7 Spitfire, and BL's other sports cars, the MGB and the MG Midget posted solid gains in a convertible car market where the company has only limited competition in the U.S. At 34,794, MG sales were 22 per cent. up on 1976 while Triumph's 29,258 units sold was 4 per cent. higher than the year before.

Overall volume sales were also hit by a fall in sales of Jaguar cars which were 3,00 units lower than in 1976.

Mr. Graham Whitehead, BL's U.S. president, pointed out to-day that the British company wasa the largest supplier of convertibles in the U.S. market and had the widest range of sports cars. Te expected to maintain leadership in convertibles in 1978.

However, with Triumph stocks running down, the Speke strike is thought likely to prevent BL expanding its volume sales in the U.S. this year. This is clearly frustrating for the company as it views the onward march of other foreign manufacturers in the U.S. market. Although the Commerce Department expects import sales to fall from 2.1m. in 1977 to 2m. in 1978, foreign manufacturers won a record 18.3 per cent. of the market last year, with Japanese manufacturers scoring particularly impressive gains. Toyota's sales approached half a million vehicles and were up 42 per cent. on the year before. Datsun achieved a 44 per cent. increase and Honda 48 per cent.

Volkswagen, the largest selling European manufacturer, which is soon to open its first U.S. production plant, recorded a 22 per cent. rise in sales while its Porsche unit was up 40 per cent.

Biggest sales improvement was reported by France's Renault which marketed 13,001 cars in 1977, 91 per cent. more than the year before.

U.K. may delay trade talks

BY DAVID BUCHAN — BRUSSELS, Jan. 10.

EEC GOVERNMENTS have now received, and their Foreign Ministers will on January 17 be asked to approve, the mandate that will allow the Brussels Commission to start proper tariff cutting negotiations in Geneva at the end of the month.

The Commission will stress to Ministers the urgency of starting the much delayed substantive round of the Tokyo Round GATT negotiations, also citing the priority given this by President Carter in his Brussels visit last week. But some opposition to giving the Commission the green light yet is expected from member States, mainly from France and the U.K.

The cornerstone of the mandate is the tariff cutting proposal. With that agreed, the Commission can then start laying offers on the table in Geneva. It provides for a 40 per cent. weighted average cut in industrial tariffs over eight years. This has already been agreed between the U.S., the EEC Commission, with Japanese acquiescence — but not by EEC member States themselves.

It represents a carefully constructed compromise between initial U.S. demands for a higher fixed percentage tariff and EEC Commission insistence originally on a lower figure.

But the 40 per cent. average cut — with higher cuts on bigger tariffs and smaller cuts on the lower range — does not please the French Government. Next Tuesday, however, French Ministers will be under considerable pressure not to upset the applecart on this.

British officials say the U.K. will go along with the proposed figure, only with the vital proviso that a "break clause" be included in the tariff cutting process. In other words, if a fresh recession broke out in, say, five years time, tariffs would be frozen.

Equally important to the European Community, but not yet ripe for decisions by the Council of Ministers next week, is the progress made on non-tariff trade measures. While the glare of publicity in the earlier Kennedy Round of trade negotiations in the 1960s was almost exclusively on tariffs, the EEC is anxious the same should not happen this time.

So the Commission will brief Ministers on the state of play on the following items:

● Modification of the existing Article 19 of the GATT that allows countries to take general safeguard or quota measures by making it invokable against one country alone. The U.K. strongly supports this change, with the U.S. and other non-Europeans sceptical.

● A uniform method of custom valuation, on which many tariffs are based. North American and European methods differ here.

● The requirement that countervailing duties imposed in retaliation for export subsidies must be supported by evidence of damage to domestic industries. This affects the U.S. which, for its part, may try to regulate EEC farm export subsidies.

● Liberalisation of Government procurement policies to foreign bidders.

● A requirement that technical standards should not in themselves be a barrier to trade.

The Tokyo Round timetable has constantly slipped. Nor even if agreement is achieved, may it do much to alleviate pressing problems like the EEC's $5bn. trade deficit with Japan.

One British official said it would constitute "a move in the right direction, but a drop in the ocean" towards opening up Japanese markets. But Commission officials feel growing protectionist pressures pose dangers for any further delay in the bargain in Geneva.

Sony in bid for video market

BY CHARLES SMITH — TOKYO, Jan. 10

SONY CORPORATION is planning an assault on the $200m. European market for broadcasting video-equipment, the company revealed to-day.

Specifically, it plans to establish a company in the Netherlands to be called Sony Broadcast which will have the function of selling and "developing" such equipment in Europe. The president of Sony Broadcast will be Mr. Howard Steele, a former director of the British Independent Broadcasting Authority.

Sony's main products for the European video broadcasting market will be the one-inch tape Omega helical scan video recorder and the three-quarter inch U-Matic videocassette recorder.

Sony said the Omega is now in use by three U.S. broadcasting stations and in Japan. Agreements have been signed with RCA and with Thomson-CSF of France for the promotion of Omega under their own names.

Sony is already selling video-recording equipment for broadcasting in the U.S., Latin America and Australia, so Europe is a natural addition to its sales territory. It is a comparative newcomer in most of these markets, however.

Sales to the U.S. began last year and Sony says it has no clear idea yet of the sales potential there. Sony's main competitor in the U.S. (and possibly in Europe too) will be Ampex, the U.S. specialist in professional-use recording equipment.

● Charles Batchelor writes from Amsterdam: A Philips spokesman in Eindhoven said that the company's American subsidiary Magnavox plans to test-market a video long playing record set (VLP) in the U.S. at the end of this year. The VLP will be imprinted in the factory with a television show or film and will be "read" by a laser beam. It is expected to sell for about $500 in the U.S.

Philips has been selling video cassette recorders on which the user can record television shows of his own choice since 1971. They retail for about Fls.2,000 or roughly the price of a colour TV set in Holland.

Japan-Abu Dhabi oil deal

TOKYO, Jan. 10.

IN ONE of two developments involving Japanese companies in overseas ventures announced here to-day, Japan Oil Development said it will form a joint company with Abu Dhabi Oil National Company soon to develop the Umm Addalkh oil-field off Abu Dhabi.

The Japanese concern is expected to have a 12 per cent. interest, with the remaining 88 per cent. held by the Abu Dhabi company, it said, without giving out names or capitalisation.

In a separate development, Hitachi said it had signed a contract with Grupo Industrial Alfa S.A. of Mexico to establish a joint venture company to manufacture and market large electric motors.

The new company, Megatek Sociedad Anonima, to be capitalised at Pesos180m. (£4.17m.) will be 51 per cent. owned by the Mexican company and 49 per cent. by Hitachi, it said. Production capacity was not immediately available.
Reuter

PIA in Mideast hotels scheme

BY IQBAL MIRZA — KARACHI, Jan. 10.

PAKISTAN International Airlines has signed an agreement with Prince Faisal Bin Khalid, the youngest son of the King of Saudi Arabia, to build a hotel at Riyadh as a joint venture.

The 247 room hotel is estimated to cost £23m.

Prince Faisal will have 51 per cent. share and PIA 49 per cent. in the joint venture. After the launching of the Riyadh project, development of more hotels at Joddah, Dhahran and Yanbo in Saudi Arabia and elsewhere will be taken in hand.

The agreement was signed by Air Marshal Nur Khan, chairman Pakistan International Airlines Corporation, on behalf of the airline. Construction of an hotel as a joint venture between Shaikh Hamdan bin Mohammad, Deputy Premier of UAE and PIA is already under way. The $18m. hotel with Shaikh Hamdan and PIA sharing 51 per cent. and 49 per cent. interests respectively is expected to be commissioned by the end of 1978, three months ahead of schedule.

The collaboration with Shaikh Hamdan has led to the establishment by PIA of an hotel management company with the aim of operating a chain of hotels in the Middle East and elsewhere under the name of Minhal.

In order to ensure that management services are of first class international standard, the airline has entered into partnership with a French hotel operator, Movtel, to form this company. Movtel operates 15 hotels and is the second largest chain of hotels outside United States.

This company will be on the pattern of the Hilton and Intercontinental chains and it is the first time that professional hotel management organisation has been set up in the region. It has also signed a five year agreement with Turner International of the U.S. which has 75 years' experience of building hotels.

Price war erupts among UAE shippers

BY OUR OWN CORRESPONDENT — DUBAI, Jan. 10.

THE SHIPPING community of the United Arab Emirates is experiencing a round of cut-throat rate slashing as shipping lines vie for business which has plummeted in the wake of the banking crisis last year.

The crisis came when banks had overstretched their credit due to lending long and borrowing short. Suddenly importers could not receive letters of credit and almost overnight stopped ordering from abroad, leaving shipping lines floundering for business.

It took about four months for the effects to filter through and the first signs came last summer when port congestion which had been up to 60 days in Gulf ports, rapidly became a thing of the past. Tonnages through Dubai port, which averaged around 650,000 monthly in the first three months of last year, plummeted to 295,000 in September last year. It has now steadied to around 400,000 but there are over 30 agencies and 120 shipping lines competing for that cargo, so business has become much tougher.

"Things will not get better until some of the weaker operators go to the wall. Even some of the big operators are losing money but they are prepared to sit it out and wait for the smaller names to crack," one shipping agent said.

Not only are they chasing fewer cargoes, but with the reduction in waiting time, turnround is quicker so more ships are available. During the boom, shipping lines all wanted to get into the market. Much of the materials shipped was for the construction industry, but as in any slump, the construction industry suffers first and imports of construction materials have fallen. With the scramble for cargoes conference rates have been thrown out of the window.

India nears decision on arms purchases

By K. K. Sharma

NEW DELHI, Jan. 10.

TWO MAJOR decisions on India's defence preparedness, which will require heavy purchases from European companies, are to be taken within the next few weeks. The first is on acquiring a long-range penetration jet fighter, for which the British Aircraft Corporation's Jaguar is a front runner, and the second is on establishing facilities for building submarines.

Negotiations for setting up a submarine yard have been held with West German, Dutch, Swedish and French companies involving the purchase of licences and technology to make the Indian navy self-reliant in what is considered a vital operational sector because of the country's long coastline.

The Indian navy has eight submarines bought from Russia and these have to be sent overseas for servicing and repairs, something considered undesirable, hence the decision to establish a submarine yard.

Teams from the four countries have already held talks on this project as well as on the purchase of middle-range submarines for coastal defence.

Talks on the jet fighter for the Indian air force have been held with the British Aircraft Corporation and the manufacturers of the Swedish Viggen and the French Mirage. Mr. James Callaghan, the Prime Minister, discussed the Jaguar aircraft proposal during his talks here and official sources say this jet is likely to be chosen.

The Government is seeking facilities to manufacture the aircraft in India apart from initial purchases direct from Britain.

The Indian air force at present is equipped with Migs which are built under licence from Russia. The Indian-made HF-24 and a number of its other jets are fast becoming obselete, hence the need for a modern all-purpose aircraft that the Jaguar seems to be.

GEC £13m. rail deal in Brazil

REDE Ferroviaria Federal S.A. of Brazil have awarded a £13m. contract to GEC-General Signal and Sisembra Engenharia S.A., a Brazilian signalling company. The contract covers the engineering design, manufacture and installation of equipment required for the Pombal to Pinheirinho section of the main Rio de Janeiro to Sao Paulo railway line. GEC-General Signal will take overall design responsibility. This contract follows the award to GEC in Janary 1977 of the Brazilian Steel Railroad contract which includes the supply of the fixed installations for electrification of that railroad, the supply of locomotives, telecommunications, signalling and supervisory control.

Shell additives plan

A $20m. manufacturing plant will be built in Brazil by Shell Brasil, SA and the Lubrizol Corporation. This joint venture will produce and market lubricating oil additives. IAB—Industria de Aditivos do Brasil—the joint venture company, in which each partner will own 50 per cent., will provide a Brazilian manufacturing source for products now being imported.

Yacht order

Scandia Yard, a recently created boat building company in which Malta Drydocks has an interest, has won a £1.3m. order from a U.K. company for 86 motor sailers. Scandia Yard, in which Danish and Maltese private interests are involved, produce a 31 foot yacht.

Salzgitter deal

Salzgitter AG said two of its subsidiaries together with Translift-Whylem GmbH have received an order of over DM50m. (about £12.4m.) to supply two one-track overhead railways for the Brazilian-Paraguayan Itaipu dam project, Reuter reports. The contract has been awarded by the Company Itaipu-Binacional, which is building the dam on the River Parana on the Paraguayan-Brazilian border at a cost of around $5.1bn.

Documents warning

A warning that exporters who fail to supply the necessary information documents could face a fine of £100 was issued yesterday by Customs and Excise. The department viewed with "grave concern" the increasing number of people failing to supply the documents and added that this hindered Government attempts to provide accurate statistics on volume and types of trade.

Export credit talks

Talks between the U.S. and other industrial nations designed to agree on export credit terms got off to a bad start yesterday and were adjourned till to-morrow, AP-DJ reports from Paris.

Sources close to the conference said the adjournment was called for by the Belgian chairman of the meeting following persistent differences of view, especially between U.S. and a number of European officials.

Pepsico in Russia

Pepsico said it agreed with the Soviet Union to double the number of Pepsi-Cola plants in that country to 10 and to increase substantially the imports of Stolichnaya vodka into the U.S. to meet soaring demand, Reuter reports from New York. There are now two Pepsi-Cola plants operating at full capacity in the Soviet Union, while three are under construction.

HOME NEWS

Car output figures tumble after strikes

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE virtually continuous bout of industrial trouble which ran through the British motor industry last year resulted in the second lowest car production figures since 1962.

The figures, published yesterday by the Department of Industry, come when production has been booming throughout the rest of Europe, and some manufacturers — Renault, for example—have achieved record output.

They show the British industry's failure to take advantage of the largest market—almost 10m. cars—that has ever been experienced in Western Europe.

By contrast with their European competitors, U.K. manufacturers have failed to recover from the slump which occurred after the record production year of 1972, when they made 1.9m. units on the eve of the oil crisis.

Problems at British Leyland, which lost about 250,000 cars on its budgeted production for 1977, and at Ford, which also suffered heavily from strikes during the autumn, were the main factors behind the decline in output.

Production overall reached 1,328,000 units, against 1,333,000 in 1976. In 1975, the industry had a worse year, with output of 1,268,000 cars, but before that, these levels had been well exceeded since the 1,249,426 units manufactured in 1962.

The figures, which include Leyland's production of components for assembly at its plant in Seneffe, Belgium, underline the urgency of the reforms now being undertaken at British Leyland.

U.K. CAR PRODUCTION	
1962	1,249,426
1963	1,607,939
1964	1,867,640
1965	1,772,045
1966	1,603,679
1967	1,552,013
1968	1,815,936
1969	1,717,073
1970	1,640,966
1971	1,741,940
1972	1,921,311
1973	1,747,321
1974	1,534,119
1975	1,267,695
1976	1,333,449
1977	1,328,000

The Government has grown increasingly anxious during the last few weeks at the mounting evidence that the U.K.'s car production capacity was being irretrievably undermined.

On the other hand, a spell of industrial peace could make a dramatic impact on the figures. Although Leyland is not setting its targets particularly high for next year—its most sanguine marketing target is for a 26 per cent. share in Britain—the other manufacturers are all aiming to increase output.

Ford now has a big backlog of orders. Vauxhall is aiming to step up production as the British-built Cavalier model comes on stream, and Chrysler is also stepping up output following the launch of its Sunbeam model.

Commercial vehicle production, by contrast, went up last year to exceed the totals in 1975 and 1976. Even so, the 386,900 units recorded were still lower than any year apart from these three since 1967.

In 1976, the commercial vehicle manufacturers produced 372,057 units, and in 1975, 380,704.

Toyota plans higher sales in Britain this year

BY OUR MOTOR INDUSTRY CORRESPONDENT

TOYOTA, the Japanese car manufacturer, aims to increase its sales in Britain substantially this year, but plans to balance this increase with a corresponding expansion of its component buying in the U.K. and rest of Europe.

The company's target for U.K. sales this year is about 29,000 cars, against an expected total of about 25,000 in 1977.

The Toyota importer, a Pride and Clark subsidiary, is rapidly expanding its dealer network to cope with this increase, and intends to add, later this year, a further 15 per cent. to the 270 dealers it already has.

Mr. John Pride, a director of Toyota (GB), said yesterday that this increase could be accommodated without disturbing the company's relationship with British manufacturers. "Our extra penetration will come in large part from the imported car segment."

But the company's ambitions, to be backed with a range of cars launched yesterday, are bound to raise new fears that Japanese car sales in Britain will resume their upward trend in the next few months after a lull in late 1977.

Last year there was a similar rapid expansion in Japanese car sales in winter and spring, mainly because Datsun, the biggest importer, went through a highly buoyant period.

Because of this Japanese sales overall went up by well over 1 per cent. in 1977, from 9.4 per cent. in 1976 to 10.8 per cent., despite an understanding reached with the British industry that there would not be a significant increase in market share.

Several Japanese manufacturers have privately accused Datsun of breaking the understanding, a feeling which partly accounts for Toyota's determination not to be caught out in the next few months.

Jost'e for lead

The Japanese interpretation of the last understanding on import limitations is that it does not cover 1978. This means that there could be some aggressive selling in the next few months as car importers jostle for position, and as two new importers, Subaru and Daihatsu, seek to get established.

Several new products are expected from the Japanese manufacturers to add to the Carinas and Celicas (roughly Cortina-sized vehicles) launched by Toyota yesterday, and the Datsun Laurel (Granada size) and Violet (Cortina size) which are coming into the showrooms.

Leaders of the Society of Motor Manufacturers and Traders are to visit Japan early next month for discussions on further Japanese car limitations.

Toyota sought to take some of the heat out of the situation yesterday by announcing that it is increasing imports of motor components to Japan this year from about $10m. to $15m.

Mr. Eiji Toyoda, the Toyota president, who is also head of the Japanese Automobile Manufacturers' Association, said categorically that this move was necessary to ease mounting criticism in Europe of trade imbalances with Japan and increased Japanese vehicle sales in Europe.

Mr. Toyoda said that the company was negotiating to buy lamps from Britain's Lucas Industries and France's Cibie Projecteurs; tyres from Michelin of France; and seatbelts from Britain's Magnet Kangol.

These contracts, if completed, would be the first fruits of an exploratory mission by Japanese component manufacturers to Europe early last year, and British efforts to expand component sales at the Tokyo Motor Show two months ago.

Dunlop pursues non-tyre profits

BY LYNTON McLAIN, INDUSTRIAL STAFF

DUNLOP group's continued search for profits from the non-tyre sector of the rubber industry in Europe took a further step forward yesterday with the announcement of a major reorganisation.

Mr. Alan Lord, who resigned from the Treasury last summer to take a Dunlop post as director of corporate planning and strategy, has worked on ways to develop the group's non-tyre activities.

Part of his brief from Sir Campbell Fraser, chief executive of Dunlop Holdings, was to expand industrial products activities, especially in Europe. He has been rewarded for his efforts by being appointed managing director of Dunlop International.

This controls Dunlop's activities outside Europe in countries where tyre sales are still progressing.

He has left the fruits of his search for non-tyre work in the hands of Mr. John Dent, now responsible for the non-tyre activities in Britain, and Mr. Geoffrey Wheater, who is in charge of tyre and non-tyre work in France and Germany.

Appointments Page 12

GLC funds Thames rail tunnel

By Lynton McLain

CONSTRUCTION could start next year on a River Thames rail tunnel at Woolwich, London. Money to allow design work to start has been provided in the Greater London Council's transport budget for 1978.

The tunnel, which could eventually be used by both British Rail and London Transport, would link Custom House on the north bank with Woolwich Arsenal on the south, enabling BR's North Woolwich line to connect with its North Kent services. London Transport has already completed soil boring tests at Woolwich.

The tunnel would be on the line of London Transport's proposed Jubilee tube line. Stage three of the line is scheduled to connect Thamesmead with the City of London through Fenchurch Street Station. This "highest priority" plan would provide tube access to London's docklands, already the subject of a GLC improvement programme.

The GLC has proposed that the line between Stratford and Woolwich Arsenal should be electrified.

Details of the council's proposed £225m. transport budget, up £16m. on 1977, go before the planning and communications policy committee to-day. Of the estimated £80m. capital spending, £65m. is for public transport and £15m. for new roads.

The £137m. for revenue allocates £98m. for public transport, including fares subsidy and free travel for the elderly, and £39m for road maintenance and traffic control.

For the first time for "some years," said Miss Shelagh Roberts, leader of the committee, the sum to be spent on road building shows an increase of £2 37m. to £15m. This will rise to £40m. a year by 1982-83.

Domestic airlines seek 10% rises

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH DOMESTC airlines have applied for fare increases up to 10 per cent. from April 1. The Civil Aviation Authority said it had received applications for increases from all domestic lines except Aurigny Air Services.

The proposed increases would make British Caledonian more expensive than British Airways on London to Scotland flights, with a premium on the former's Gatwick flights.

The increases vary from route to route but fall between 5 and 10 per cent. on single and excursion return fares. Inclusive tour fares could rise by 5 per cent. from November 1.

British Airways has applied to raise first-class single fares on the Heathrow Airport—London to Edinburgh and Glasgow routes from £45 to £48, tourist single from £30 to £32, and shuttle stand-by from £16 to £17.50.

British Caledonian seeks permission to increase first-class single fares on the Gatwick Airport—London to Edinburgh and Glasgow routes from £45 to £51, tourist single from £30 to £34, shuttle stand-by from £16 to £19. The airline has also applied to introduce a new advance-purchase excursion return fare £45.

British Midland has applied to raise the Gatwick-to-Belfast tourist single fare from £27 to £29, while British Airways wants to increase the tourist single from £30 to £32 on the Heathrow.

British Caledonian wants to cancel winter weekend excursion fares to Manchester and to raise the single Gatwick to Manchester fare from £21.10 to £29. In place of winter excursion fares it hopes to introduce new excursion returns and advance-purchase return fares available all year.

Production of houses lowest for nine months

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NEW HOUSING OUTPUT in November fell to its lowest point for nine months, according to figures released yesterday

The Environment Department said that contractors started work on 21,100 new homes, compared with about 25,000 in October. The figure was 200 up on that of November, 1976. At 10,600, starts in the public sector were 2,000 lower than in October.

Completions for November reached 27,700, a reduction of 200 on the previous month and of 100 on the same period last year.

Public sector completions fell from 15,100 in October to 14,900, while private houses finished during the month rose slightly.

Taking three-month totals, starts in September-November, were up seven per cent. on the previous three months and one per cent. better than in the same period of 1976. Completions were five per cent. up on the preceeding quarter but the same as a year ago.

The National House-Building Council announced its private sector housing figures for last year—starts of 129,730, second lowest total of the last decade and some 25,000 down on 1976. Completions reached 141,862, against 152,000 in 1976.

Options market likely by April

BY MARGARET REID

THE STOCK EXCHANGE Council put its backing, including some financial support yesterday behind the project for a new London market in traded share options. This ensures that the venture will be launched soon, probably in April.

Work on reconstructing a podium above the Stock Exchange floor to house the new market begins in the next few days. A written introduction to traded options will be sent out to stock market firms before the end of this month.

These moves, to be backed financially by the Stock Exchange, were widely interpreted last night as meaning that the Council had effectively adopted the new enterprise, hitherto sponsored by a group of large jobbing firms.

The Stock Exchange said yesterday that its council had received a progress report from its options committee, headed by Mr. Dundas Hamilton, a former deputy chairman of the Exchange.

This "stated that the committee was satisfied that a suitable clearing system, which would be under the control of the Stock Exchange had been designed and that the project was on course."

The council noted that it was not possible at this stage to give an accurate date for the launch of the new system, but added: "It seems likely that trading in options on about eight stocks could commence within the next three months."

Target date

This target date means that London share options trading may begin at much the same time as the projected European Options Exchange in Amsterdam, which starts on April 4.

Under a system of traded share options investors can not only buy options to purchase shares in future at pre-fixed prices, but trade in the options themselves under standardised conditions.

The present project for options dealing in London under the full control of the Stock Exchange was worked out last year by the five leading London jobbing firms after an earlier scheme for a joint London-Amsterdam options exchange outside the ambit of the Stock Exchange had been shelved.

Distillers meets EEC on prices

By Kenneth Gooding

THE NEXT round of talks between Distillers Company and the European Commission about Scotch whisky prices takes place in Brussels on Friday.

It will be the first contact between the two since the Commission's decision that some of Distillers' U.K. trading practices were unlawful was announced on December 21.

The Commission has made it clear that it would have preferred Distillers to have cut Scotch whisky prices throughout Continental Europe rather than taking the action it did—which involves proposed price increases in the U.K. and the withdrawal of Johnnie Walker Red Label from the home market.

There is considerable annoyance among senior Distillers executives that first news of the Brussels decision, and subsequent indications that the Commission has been upset by the group's reaction, have come from Press reports rather than from the Commission itself.

As far as Distillers is concerned, it has taken the best possible commercial steps in the circumstances and can see little left to discuss.

Allied awaits verdict on beer price rise bid

ALLIED BREWERIES, Britain's biggest drinks business, expects to hear on Friday whether the Price Commission is allowing it to go ahead with 2p-a-pint increases on a wide range of beers.

This emerged yesterday after a deputation from Allied's beer division, which produces the Double Diamond, Skol, Long Life, Ind Coope and Tetley brands among others, visited the Commission to discuss proposed price rises.

Scottish and Newcastle Breweries, which has also formally notified the Price Commission about 2p-a-pint price increases, will have discussions with the Commission next week.

A third major brewery, Courage, made its formal pre-notification to the Commission yesterday.

Fisons expands animal section

FISONS is expanding its animal health interests and is consolidating this sector in the group's pharmaceutical division.

The company has invested £1.25m. in new manufacturing plant for a product used in the prevention of anaemia in piglets, Gleptosil, and has built an animal health development unit at its farm at Belton.

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HOME NEWS

NEB plan for North 'ignores local help'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GROWING rivalries in the north of England between Government agencies over their roles in boosting local industrial development came to the surface yesterday when the National Enterprise Board announced the membership of a new regional board it has set up based in Newcastle upon Tyne.

Within hours of Sir Leslie Murphy, chairman of the NEB, launching the new regional board, the chairman of the North of England Development Council, Lord Glenamara, said he was disappointed by the event.

This reaction from Lord Glenamara (formerly Mr. Ted Short, the Labour politician) stems from local tensions that have arisen in the north as a result of the Scottish devolution debate.

It distracted attention from efforts Sir Leslie made yesterday to persuade local industry that he intended that his local board should have considerable autonomy and freedom to operate flexibly. A similar regional board was opened last month in Liverpool.

Speaking in Newcastle yesterday, Sir Leslie also gave an assurance that the NEB is prepared to pull out of compaines in which it invests should a suitable opportunity occur.

He said that some people had held back from becoming involved with his organisation "because they feel that once they get the NEB in, they cannot get us out."

The NEB aimed to be flexible and businesslike in its approach, said Sir Leslie, and added: "I would like to give an assurance that people need not feel they are being locked in for all time."

The way in which an investment package was structured would be kept as flexible as possible to suit the existing shareholders in the business. Arrangements could be made in appropriate cases for the NEB to cease to be a shareholder at the end of a specified period or in agreed circumstances.

Equally the Board was in a position to give suitable assurances to companies who needed the security of a long-term partner to develop their businesses satisfactorily.

Sir Leslie said: "The NEB will be careful to tailor its investment terms to the needs of particular companies in the region." When it was considering an investment it was required by the Industry Act, 1975, to see the prospect of an adequate return within a reasonable period.

The local reaction came in a statement from Lord Glenamara. He complained that the new regional board did not include

SIR LESLIE MURPHY

accountable members of local authorities and that its one trade union member was insufficient to represent local unions.

"It is clear that the north is facing an unemployment problem greater than at any time since the 1930s," he said. "This is a time when we should be facing our difficulties jointly and accountably.

"Instead the Government has chosen to create yet another nominated body responsible to London, not to the people of the region, with no elected representatives of the region on the board.

"Local authorities in the north are directly involved in the problem of industrial development and many have very large and active programmes for industrial support. Their potential contribution to the regional enterprise board has been ignored."

Sir Leslie, however, said that he felt his new board would help to consolidate the close relationship between northern industry, trade unions and central and local government.

The NEB's new northern regional Board, which has power to invest up to £500,000 in a company, comprises five part-time members, each eligible to receive a fee of £1,000 a year, and Mr. Gerald Connolly, the NEB's northern region director.

The five part-time members are: Mr. J. L. Dickenson, deputy chairman of Sheffield Twist Drill Co.; Mr. David Brown, managing director of D. J. B. Engineering, Co. Durham; Mr. L. Roy Mann, managing director of Victor Products; Mr. Arthur Myatt, area manager of the National Westminster Bank, Newcastle; and Mr. David Williams, a full-time official of the General and Municipal Workers' Union.

The new regional board can make recommendations to the NEB on investments exceeding £500,000. It can also generally advise on matters of particular importance in the northern region. No limit has been set on the total funds available to the board.

Its temporary chairman is Mr. J. L. (Bob) Dickinson, formerly managing director SKF (U.K.) and a part-time member of the Board of NEB. The other members are: Mr. David Brown, managing director of DJB Engineering, of Co. Durham; Mr. L. Roy Mann, managing director of Victor Products, of Wallsend); Mr. Arthur Myatt, area manager of National Westminster Bank in Newcastle; and Mr. David Williams, a full-time official of the General and Municipal Workers Union.

North Sea groups agree on plan to stop blow-outs

BY OUR ABERDEEN CORRESPONDENT

THE GOVERNMENT has agreed with major oil companies a sector by sector blow-out prevention scheme in the North Sea.

There will be a yearly review also, to monitor the progress of ships and equipment supplied and check on further requirements.

This was announced yesterday in Aberdeen by Dr. Dickson Mabon, Minister of State for Energy, following a meeting with 50 senior representatives from 15 of the North Sea's main production companies.

The British sector of the North Sea has been divided into five sectors and the Government will be meeting the Norwegians in April to co-ordinate steps on the plan.

The five sectors as outlined yesterday, each with a principal operator in charge for emergency firefighting and blow-out action, are: Shell, east of Shetland; Elf, Frigg Field; BP, Forties Field; Phillips, Ekofisk; and Conoco, Piper and Claymore fields east of Orkney.

There are now seven multi-purpose fire-fighting and support vessels operating in the U.K. sector and five in the Norwegian zone. A further six, including three semi-submersibles, are planned for the British sector in the next three to four years, Dr. Mabon said.

He said there was a possibility of Occidental, BP, Shell, Chevron/Union Oil and Mobil each ordering a multi-purpose vessel, but he did not know how many ships would be needed altogether because the number would be reviewed annually with the Government.

The six ships earmarked for the U.K. sector could cost as much as £240m. and Dr. Mabon said he would like as much work as possible to go to British shipyards, with the ships manned by British crewmen and equipped by British companies.

"I have had discussions with British Shipbuilders on building these ships on time. If there is an annual review there will be a full and fair chance for British Shipbuilders to build."

Mr. George Williams, director-general of the United Kingdom Offshore Operators Association, said the sector by sector basis had been decided upon because of the tremendous variety in water depths, weather and types of platforms in use.

He was confident that a multi-purpose vessel on maintenance or diving work could be disengaged quickly for emergency action and, in any case, there would be support available from the next sector.

● Cromarty Petroleum, which already has planning permission to build a refinery at Nigg, on the Cromarty Firth, is to apply to-day for additional consent to erect storage tanks.

This effectively would give the company an oil terminal ready for operations within two years.

The application to the planning committee of the Highland Regional Council is obviously being made with the Beatrice Field—operated by Mesa Petroleum—in mind.

Consumer demand gives hope for improvement

BY MICHAEL BLANDEN

THE LEVEL of consumer demand remained relately depressed for most of last year, but there are signs that spending is beginning to pick up.

The latest figures from the Department of Trade show that the final seasonally adjusted index of the volume of retail sales in November was 106.1 (1971=100).

This was markedly higher than the provisional estimate of 105, and a significant improvement on the previous month's level of 105.4.

The outcome suggests that the higher level of sales in summer has been maintained, in contrast with the earlier impression that there had been a renewed setback.

While the recovery is still only modest, more recent indications from the retail trade have suggested that with a good Christmas and a strong response to the January sales, the level of activity is picking up rather more quickly than was expected.

Most retailers thought that the recovery would not come before spring, when consumers will get the benefit of a lower level of inflation coupled with tax cuts and delayed pay settlements in the current 10 per cent. pay policy.

In the three-month period from September to November the volume of retail sales was virtually unchanged from the previous three months. But the Department says that in the first 11 months of 1977 the average level of sales was still about 2 per cent. below the annual average for 1976.

Most main components of total trade were virtually unchanged in the latest three-month period, with the exception of the durable goods shops, which showed a rise of about 1 per cent.

Instalment credit business showed a recovery in November, with new credit extended by finance houses and retailers at £420m. on a seasonally-adjusted basis against £386m. in October.

Within the total, finance-house lending was higher than in September or October, and about the same as in August, while lending by retailers was the highest recorded in 1977.

In the latest three-month period, from September to November, total advances were 7 per cent. up on the previous period. Finance-house lending increased by 5 per cent. on this basis, while retailers were up by 8 per cent.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by Finance houses £m.	Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) (1971=100) Total	Durable goods shops
1976 1st	340	502	2,297	107.3	119
2nd	382	491	2,363	107.6	122
3rd	393	524	2,465	108.9	128
4th	420	558	2,662	109.5	128
1977 1st	460	557	2,737	105.0	118
2nd	489	568	2,865	103.9	119
3rd	547	635	3,054	106.8	125
January	135	189	2,661	106.7	123
February	157	185	2,691	105.7	120
March	168	183	2,737	103.1	111
April	154	195	2,782	103.4	121
May	171	187	2,836	104.4	116
June	164	186	2,865	103.8	119
July	163	200	2,906	107.0	129
August	201	216	2,994	107.2	122
September	183	219	3,054	106.2	125
October	173	213	3,113	105.4	124
November	200	220	3,213	106.1	122

Source: Department of Trade

Beer output figures puzzle brewers

BY KENNETH GOODING

BREWERS have been puzzled by figures released yesterday which showed November beer production 6.5 per cent. up on the same month in 1976.

For there are no indications, from the major brewers at least, that sales have been anything but static in the past few months.

The Brewers' Society suggested that demand might have been affected by the exceptionally mild weather in November. "Sunshine hours were 40 per cent. above average, with relatively high temperatures early in the month, including one day when 18 degrees centigrade (65 degrees Farenheit) was recorded."

Others in the industry are sceptical about this suggestion, and feel that mild weather in November has not the same kind of impact as extra summer sunshine.

One theory, yet to be tested, was that licensees were worried about beer supplies for Christmas because of the increasing frequency of industrial disputes on the distribution side, and ordered extra in November.

Production in November last year was 3.7m. bulk barrels (1.066bn. pints) which took the total for the first 11 months of 1977 to 36.5m. barrels (10.15bn. pints).

This was 0.6 per cent. down on the same period of 1976, so it appears that the Brewers' Society forecast in January last year that production would show a 1 to 2 per cent. decline in 1977 is likely to be fulfilled.

In December, 1976, there was an 8 per cent. jump in production compared with the same month a year before as retailers stockpiled ahead of January price increases. Although the trade expected price rises this January, it is unlikely that stockpiling of similar proportions took place.

Credit brokers will need licences

By Michael Blanden

IN THE final main stage of implementing the licensing provisions of the Consumer Credit Act, the Government has introduced rules which will require credit brokerage businesses to have a licence to carry on their operations after July 1.

The move was announced yesterday by Mr. John Fraser, the Minister of State for Prices and Consumer Protection, in reply to Mr. Jim Callaghan, MP for Middleton and Prestwich.

The new Order published yesterday represents a further major step in putting into effect the extensive protection for consumers provided by the 1974 Act. Two important stages in the licensing process have already been achieved, after some delay.

Deferred

These have covered other ancillary categories of the credit business, such as debt-adjusting, debt-collecting and debt-counselling, as well as credit reference agencies, which have been required to have licences since August 1976; and most consumer credit and hire businesses, including banks and hire-purchase companies, which have been subject to licensing since last October.

A special deferral of the licensing provisions has been made for non-corporate credit brokers who only make introductions resulting in the making of certain agreements, regulated under the Act, for credit not exceeding £30.

This deferment, which broadly corresponds to the similar measures taken for small consumer credit and hire businesses, will help retailers who supply or arrange for finance houses to supply goods and in connection with that transaction make introductions for small amounts of credit.

Courage to shed 300

A 12 PER CENT. reduction in its labour force is planned by Courage (Eastern), that part of the Courage brewing group which operates in London and other parts of the South East.

Unions have been told that about 300 hourly-paid jobs, mainly in production and distribution, will have to go before this spring.

The company, part of the Imperial Group, said the move was necessary because "the wage bill is too high in relation to production levels and distribution costs."

Courage (Eastern) is also talking to the unions about new agreements involving more flexible working practices.

Courage (Eastern) hopes that the latest reduction in its 2,500-strong workforce can be achieved partly by voluntary redundancies and early retirements.

Another part of the Courage group, Courage (Central), closed a depot at Whitney, Hay-on-Wye, in October and there were 60 redundancies.

Mothercare finances research

MOTHERCARE, the maternity and babycare chain, is to finance research into genetic disorders in children. It is establishing a paediatric genetics unit at the Institute of Child Health, the medical school of the Great Ormond Street Hospital for Children.

The endowment is for a total of £500,000 and will involve Mothercare in financing the cost of the staff and equipment in the new unit.

The unit will try to ensure that more babies are born healthy in future. It will try to identify causes of congenital disorders such as heart disease and deformities of the nervous system.

UDA provides home for liquor business

BY OUR BELFAST CORRESPONDENT

A REGISTERED trading company involved in the liquor business is now operating from the Belfast headquarters of the province's largest Protestant paramilitary group, the Ulster Defence Association.

The company has been registered as Senaw, with a nominal share capital of £20,000. One of its three directors is Mr. Sammy Doyle, formerly a leading member of and spokesman for the UDA, and another is a Belfast publican.

Mr. Doyle, who is said in records at the Company Registry in Belfast to be the company secretary, said yesterday that Senaw leased offices in the UDA's headquarters. He refused to discuss the nature of the company's business.

The company was registered last year but its existence came to light only yesterday. Although it operates from the UDA building in Newtownards Road in the heart of Protestant East Belfast, Mr. Andy Tyrie, the UDA commander, was not available to answer questions about its activities.

The stated objects of the company are lengthy. One object is to rent, purchase or otherwise carry on the business of wine and spirit merchants, either retail or wholesale, and another is to establish clubs and provide clubhouses.

In March last year, the Royal Ulster Constabulary began to clamp down on illegal drinking dens in Belfast which were operating with the approval of paramilitary groups. By the end of the year, about 30 of the known "sheebeens" were raided by the police and closed down.

It is understood that senior police officers in Belfast are aware of the activities of the company operating from UDA headquarters.

Harland performance satisfactory–report

THE PERFORMANCE of Harland and Wolff, the Belfast shipbuilders, has been satisfactory since it came into public ownership, according to a report to Parliament from the Controller and Auditor General.

The report, which says that at March 1977 the yard had drawn £32.7m. of a £60m. package set aside to stave off redundancies, shows spending within or close to the forecasts on which the assistance was based.

The shipbuilding programme was fairly close to target. Productivity in the steel output has risen 33 per cent. in the past three years.

Engine production, including export orders, has been ahead of target, and relationships with the workforce have shown a dramatic improvement.

Freight forwarders want air cargo rates reduced

BY LYNTON McLAIN, INDUSTRIAL STAFF

PROPOSED INCREASES in air cargo charter rates should be reversed, says the Air Charter Forwarders Association, following a letter to Britain's major cargo airlines. The association represents 90 per cent. of Britain's air freight forwarders.

The call for a cut in rates comes less than a week before Tradewinds cargo airline raises charter cargo rates to Kano, Lagos and Khartoum by an average 2.7 per cent. from January 15. Tradewinds said the increases were based on rising operating costs.

The charter forwarders accept this but in the letter to airlines they say "fluctuations" in the U.S. dollar exchange rate justify a call for a downward revision of rates. There was a "very good case" for airlines to bring the rates down quickly, said the association.

Cargo rates are based on a sliding scale, decreasing in sterling value as the dollar-to-sterling ratio rises.

The minimum rate on the Kano run, quoted by IAS Cargo Airlines, is now 50p a kilo, as the existing scale was frozen at an exchange rate of \$1.80 to \$1.75 per £. Yesterday, it stood at \$1.917 while cargo charter rates remain at the April, 1977 level.

Nuclear data offer may solve dilemma

BY DAVID FISHLOCK, SCIENCE EDITOR

THE British Government need not make a "firm commitment" to build a pressurised-water reactor (PWR) type of nuclear station before its nuclear inspectors complete investigations, a West German heavy electrical plant company said yesterday.

The Government's central problem in trying to choose a reactor to meet Britain's future nuclear energy requirements is whether to accept the electricity supply industry's case for pursuing the PWR as an insurance or "fall-back" policy, in case the British-designed advanced gas-cooled reactor proves unable to fulfill the nation's future needs.

In arguing its case for the PWR, the electricity supply industry has asked the Government for a "firm commitment" to build one PWR station, starting not earlier than 1982. But yesterday, Kraftwerk Union, a Siemens subsidiary, said it would make available to Britain all the data needed by the nuclear inspectors without the electricity industry issuing a "letter of intent" or other commitment. This offer may help resolve the Government's dilemma.

The electricity supply industry argues that only with such a commitment can it ensure obtaining the information and help required to clear a design with the nuclear inspectors, and with the public inquiry it would expect to undergo for any novel type of reactor in Britain.

But according to Dr. Hans Frewer, KWU managing director, his company would not expect a commitment from any party to build to its design before it had completely satisfied the Government's nuclear inspectors.

If the nuclear inspectors had reservations about the safety of the design after their Government had entered into a "firm commitment," the result could be commercial catastrophe for KWU, he said.

KWU had already offered the National Nuclear Corporation a licence for its PWR design, together with enough information for the nuclear inspectors to complete their investigations. But the NNC declined to discuss the offer.

Dr. Frewer also pointed out that the Central Electricity Generating Board had been commissioned by the Government of Iran to participate in a safety evaluation of two 1,300 MW PWRs, his company is building in Iran. This contract would give the CEGB a considerable insight into the safety philosophy of the German manufacturer.

Both the NNC and the CEGB have focused their interest on the U.S. Westinghouse Electric design of PWR, although latest stipulations by nuclear inspectors show a preference for safety features of the German reactor. These features include a duplicated emergency core cooling system, forged pressure-vessel components, and a more robust reactor containment.

Reactor study to be reopened

AS THE Government considers Central Electricity Generating Board plans to build a pressurised water reactor station under licence in Britain, the U.K. Atomic Energy Authority is to re-open its mammoth scientific study of pressurised vessels for PWRs, published 15 months ago.

This was confirmed by Dr. Walter Marshall, deputy chairman of the UKAEA, and the man responsible for the Marshall report on the integrity of PWR vessels.

The report concluded that although several important modifications in the U.S.-designed pressure vessel would be required to adapt the 428-ton steel fabrication to U.K. nuclear conditions, such vessels could be designed and built to British nuclear safety standards.

But the findings failed to completely convince Sir Alan Cottrell, former chief scientific adviser to the Cabinet and one of the world's leading authorities on nuclear containment.

Sir Alan accepted the Marshall report and its 40 "essential recommendations," but concluded it could not be guaranteed that such vessels would operate safely for the design life of the reactor.

His reservations take on special importance with the possibility that the Government may shortly approve the CEGB plans for a PWR station.

Dr. Marshall said that, having taken nearly three years to carry out the scientific study, it seemed "untidy" to leave it in its present uncertain state.

He hopes to reconvene the team which led the study—including Sir Peter Hirsch, professor of metallurgy at the University of Oxford, and Dr. Alan Liddiard, formerly in charge of theoretical physics at Harwell—later this month. But he expects the new exercise to continue for another year or two.

The main purpose will be to assess the comments received from about ten expert bodies, among them Sir Alan, Westinghouse Electric, the French nuclear group Framatome, and the CEGB.

Their comments primarily concern the Marshall report's attempt to use a novel statistical technique for analysing the probability of failure in situations where the probability is very remote.

The technique has since attracted considerable interest among nuclear engineers, who have use it to reach both higher and lower figures for the probability of failure of a PWR vessel.

Most experts judged the report as taking a cautious line—that of Rolls-Royce and Associates, which makes PWRs for Britain's nuclear submarines, as taking a "grossly over-cautious" line, Dr. Marshall said.

But Sir Alan and a group within the UKAEA itself considered that he had not been cautious enough, while the comments of the British nuclear inspectors were "fairly neutral."

Big demand for aluminium frames likely

EXTRUDED ALUMINIUM window and door frames and other building products will be in great demand as the anticipated upturn in the construction industry gets under way, Sir Richard Powell, chairman of the Star Aluminium Company, told Welsh businessmen and industrialists yesterday.

At the commissioning of Star Aluminium's new £450,000 aluminium anodising plant at Briton Ferry, Swansea, Sir Richard said: "There are many signs that the construction industry, with Government backing, is picking up and that will mean big orders for the plant."

Star Aluminium had outline plans for a similar plant in the north of England if the demand for Briton Ferry products looked like outstripping supply.

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PARLIAMENT and POLITICS

No statutory pay policy planned, says Foot

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN ASSURANCE that the Government has no plans for the reintroduction of a statutory incomes policy was given yesterday by Mr. Michael Foot, when he came in for intensive grilling from MPs on both sides of the Commons.

As an ardent former advocate of free collective bargaining, the Leader of the House found himself in an embarrassing dilemma when he answered questions to the Prime Minister in the absence of Mr. James Callaghan.

Left-wingers wanted an explanation of recent suggestions by Mr. Denis Healey, Chancellor of the Exchequer, that some form of pay policy was here to stay and that Stage Four would have to be introduced when Stage Three comes to an end in the summer.

To make matters worse for Mr. Foot, the Tribunites seemed to be in hearty agreement with the policy promulgated by Mrs. Margaret Thatcher on Monday, when she promised that a future Tory administration, would return to free collective bargaining.

Yesterday's exchanges disclosed deep divisions of opinion on the subject within the Labour Party. Mr. Eric Heffer (Lab. Liverpool Walton), a leading figure on the Left, warned that whatever Mr. Healey was advocating, it certainly did not have the backing of the Labour Party as a whole.

Always an adroit performer, Mr. Foot neatly managed to solve his difficulties by explaining that he still adhered to his original views on pay policy. This meant, he said, that he was opposed to the re-introduction of statutory wage controls—a view which was completely in line with Cabinet policy.

At the same time he agreed that there was a need for the Government to have full discussions with the TUC on what form pay policy should take after the summer.

Mr. Dennis Skinner (Lab. Bolsover) wanted to know whether he was in agreement with the "new sexy, husky voice of Mrs. Thatcher" on pay policy. Mr. Foot managed to sidestep this with a genial assurance that he would rather agree with Mr. Skinner on such matters than with the leader of the Opposition.

Out of touch

He was not allowed to escape so easily, however. Mr. Ian Wrigglesworth (Lab., Thornaby) told him that recent statements by Sir Geoffrey Howe, Shadow Chancellor, Mr. James Prior, Conservative employment spokesman, and Mrs. Thatcher showed how much they were out of touch with the unions. He asked for an assurance that the next round of talks on pay policy would begin very soon with the TUC.

Mr. Foot agreed that the Government should have talks with the TUC "to produce a common approach to the view on pay policy."

For the Tories, Mr. Norman Tebbit (Chingford) suggested that Mr. Foot should have given a more frank and honest reply to Mr. Skinner. He wondered whether the Leader of the House was free of his "hang-up" of supporting free collective bargaining or whether he still believed in it.

There were jocular Tory shouts of "resign, resign" when Mr. Foot replied: "I still hold to the same views I have held about this matter all along."

He was sorry that the same could not be said of the Tories.

He was asked for his views on an article yesterday by Mr. Moss Evans who is about to take over as general secretary of the Transport and General Workers' Union. Mr. Evans wrote that in no way would his union agree to a continuation of pay policy, whether voluntary or statutory.

Mr. Foot declared: "I fully accept the importance of the article. We have always believed that there should be an orderly return to free collective bargaining. We believe that the agreements we have made over the past six months will be of assistance for that purpose.

"In deciding a future policy, that article will be taken into account."

From the Opposition Front Bench, where Mrs. Thatcher was also absent, Sir Keith Joseph, Tory Industry spokesman, asked: "Don't the Government think it right and necessary to enable skilled people to earn skilled pay?"

The Leader of the House told him that he certainly did agree that it was right, but he was not sure where Sir Keith stood on this.

"He was taken to Scotland by Mrs. Thatcher—even if he wasn't allowed to open his mouth there. Well, maybe he did, but he did not put his foot in it this time, so nobody noticed."

Scornful laughter

Mr. Heffer wanted him to explain "to simple souls like me" what the Chancellor was talking about when he referred to the need for a Stage Four policy.

"Who was he speaking for?" he demanded. "Was he speaking for himself or for the Government? He is certainly not speaking for the Labour Party."

There was more scornful laughter from the Tories when Mr. Foot explained that the Chancellor had been speaking of the need to discuss what should take place in preparation for future policy.

"It does not mean that the Government in any sense whatever is seeking to commit itself, in any sense, at any future date, to any form of statutory incomes policy. We are opposed to a statutory incomes policy and remain opposed."

Cabinet arms decisions anger Left

BY PHILIP RAWSTORNE

LEADING LABOUR Left-wingers yesterday called for an urgent meeting between the Cabinet and the party's National Executive Committee to discuss the Government's arms sales and defence policy.

The move followed reports that the Government intends to increase defence spending by 3 per cent. in real terms in 1979-80.

Tribune Group MPs have also been angered by the Government's plans for arms sales to Egypt and El Salvador.

Labour's International Committee yesterday unanimously approved a resolution urging the Government to drop its proposed increase in defence expenditure and carry out its election pledge to reduce the arms budget to the level of other European members of NATO.

Mr. Frank Allaun, MP for Salford East, also secured the committee's backing for a motion condemning the Government's proposals for selling £40m. of arms supplies to Egypt and helping to establish an arms industry in the Arab countries.

Meeting demanded

The party's National Executive is to be asked to press the Cabinet for a ban on further arms supplies to both the Arab nations and Israel.

The International Committee yesterday reinforced Left-wing demands for the cancellation of the Government's £850,000 deal to supply armoured vehicles to El Salvador.

Mr. Callaghan is to be asked to meet a deputation comprising Mr Ian Mikardo, Mr. Eric Heffer, Miss Joan Lestor and Mr. Alex Kitson to discuss the issue.

A resolution passed by the committee said that El Salvador's support of Guatemala in its claims on Belize made the sale "inappropriate."

The arms could be used, too, in the continued suppression of human rights within El Salvador, it added.

Brussels welcome

Reginald Dale writes: Britain's plan to increase defence spending by 3 per cent. in 1979 was warmly welcomed yesterday at Nato headquarters in Brussels. The decision is expected to be announced officially in tomorrow's Treasury White Paper on Government expenditure.

In Brussels, officials said the British move meant that five of Nato's 15 members had now said that they would increase defence spending by 3 per cent. or more in their next Budget. The others were the U.S., Canada, Belgium and Norway.

At a meeting shortly after last May's NATO summit in London, allied Defence Ministers pledged themselves to increase spending by 3 per cent. annually in real terms during the five years starting in 1979, unless prevented by economic difficulties.

To-morrow's White Paper is expected to indicate British acceptance of the overall five-year commitment, although firm decisions on the allocation of funds remain to be made.

Liberal backing

● The Liberal Party welcomed the plan to increase defence spending. Mr. Emlyn Hooson, the party's defence spokesman, said that the Liberals had made strong representations to the Government on defence matters, which had been one of the greatest sources of disagreement during the Lib-Lab Pact. "However, this announcement does much to remove the cause of that particular disagreement."

Decision on race judge this week

By Rupert Cornwell

LORD ELWYN-JONES, the Lord Chancellor, is expected to reach a decision by the end of this week on Judge Neil McKinnon, whose controversial remarks in a race trial last Friday are at the centre of a political storm.

Lord Elwyn Jones last night conveyed to a deputation of Labour MPs his intention to treat the matter with the utmost urgency. According to MPs present, he spoke of his own "personal concern and worry" over the incident.

The Labour Party at Westminster remains outraged at the judge's behaviour in virtually directing the jury to aquit Mr. John Kingsley Read, the former National Front chairman, on charges under the Race Relations Act of inciting racial hatred.

Almost 100 Labour MPs have now signed a backbench Commons motion, demanding Judge McKinnon's dismissal, but he is unlikely to receive more than a reprimand if the Lord Chancellor deems further action necessary.

Lord Hailsham, a former Conservative Lord Chancellor, underlined the differences in the attitude of the two major parties over the McKinnon affair. In an interview yesterday he accused Labour Left-wingers of conducting an "hysterical" public relations exercise which could do more harm than good.

Late retirement

MR. IVOR STANBROOK (Tory, Orpington) wants to introduce a Bill in the Commons later this month to raise the age of compulsory retirement to 70.

Tories back plea for BSC letters

BY RUPERT CORNWELL

THE PROSPECT of a big confrontation between the Government and MPs moved closer last night as senior Conservatives indicated their broad support for the demand of a Commons select committee to see secret correspondence between ministers and the British Steel Corporation.

Shadow ministers acknowledged the dangers of creating a precedent which could easily rebound against the Tories in office, but they felt that, constitutionally, the request from an all-party Committee should not be ignored.

The line the Conservatives take will not be settled before to-night's Shadow Cabinet meeting at the earliest.

There is an obvious attraction in using the incident to cause maximum embarrassment to the Government, but the Opposition knows it must avoid clumsily provoking a straight split on the issue in the Commons along party lines.

The unprecedented challenge to the Executive will come with to-day's publication of two reports on British Steel from the Nationalised Industries Committee, which has been investigating for 18 months the Corporation's record — culminating in the acute financial crisis it now faces.

MPs on the committee believe that during their hearings, they may have been seriously misled by key witnesses from the Government and the Steel Corporation on the gravity of the corporation's financial position.

Therefore, they are seeking access to letters exchanged between Mr. Eric Varley, Industry Secretary, and Sir Charles Villiers, the corporation's chairman since January 1976.

Should their demands be successful, a precedent will have been established which could redraw the traditional positions of power between the Executive, the Legislature and Whitehall.

So far, the Government is vigorously resisting this pressure, on the grounds of commercial confidentiality.

For the select committee to have its way, therefore, all-party support will be needed.

Meanwhile, the Speaker, Mr. George Thomas, called yesterday for a tightening of the rules governing Parliamentary privilege, to prevent premature disclosure of select committee reports.

His remarks came in a ruling on a complaint by Mr. John Ellis, Labour MP for Brigg and Scunthorpe, about Press articles at the week-end on the Corporation's report.

Mr. Thomas pointed out that, technically, the articles were not a breach of privilege since the documents already had been "laid before the House" —formally presented—as far back as December 15.

However, he strongly criticised the "inconvenience and discourtesy" shown in publishing reports before MPs had had a chance to study the committee's findings.

Westminster vetting of Scots Executive's spending resisted

BY IVOR OWEN, PARLIAMENTARY STAFF

WHEN THE proposed Scottish Executive comes into being it must be responsible to the Scottish Assembly for the expenditure of taxpayers' money, and not to the Westminster Parliament, Mr. John Smith, Privy Council Office Minister of State, insisted in the Commons last night.

He strongly resisted an Opposition amendment to the Scotland Bill, moved by Mr. Ian Sproat (Con., Aberdeen S.) when MPs resumed the committee stage of the measure, designed to enable the Public Accounts Committee to make a detailed examination of expenditure authorised by Scottish Ministers.

Mr. Smith maintained that any attempt to superimpose on the Scottish Assembly accountability to Westminster would be disastrous. It was essential that in expending money provided by the British Treasury, Scottish Ministers should be responsible to the Scottish Assembly from which they sprung.

"There should not be another line of accountability to this House of Commons," he said. "That would lead to total constitutional confusion and disaster."

Mr. Francis Pym, Opposition spokesman on devolution, warned that the final arrangements proposed by the Government—the Assembly will have no tax-raising powers and will rely on a block grant from Whitehall for its finance—would be a major factor in the strained relations between Scotland and the rest of the U.K. which were certain to result from the Government's devolution policy.

Mr. Sproat repeated earlier warnings that the Scots were likely to find themselves worse off when the Scottish Assembly came into being.

The preferential treatment which they now enjoyed in financial terms was unlikely to be continued. The rest of the U.K., he said, would not accept Scotland getting more money on a purely geographical basis rather than a needs basis.

Mr. Sproat argued that if the British Treasury provided the money for the Scottish Assembly, the House of Commons had a right to control how it was spent.

"We cannot have a Scottish Parliament spending without regard to those who give it the funds it receives under the block grant."

He estimated that Scotland could find itself as much as £500m. a year worse off.

Tory opponents of devolution again came under fire from Mr. David Crouch (C., Canterbury). He contended that there could be no real devolution unless the Scottish Assembly were given some control over its financial acts.

Mr. Crouch described the Tory sponsors of the amendment as the "confederation of the south." They were opposed to devolution and the amendment would have an absolutely crippling effect on the Bill.

The amendment was withdrawn.

Fight to oust MP 'to go on'

MEMBERS OF Northampton North Labour Party's Park Ward said yesterday they had voted unanimously to continue their fight to oust Mrs. Maureen Colquhoun as their MP.

Mrs. Colquhoun's appeal against the sacking proposed by Park Ward was upheld by the Labour Party's organisation committee on procedural grounds.

A spokesman for Park Ward said: "A new motion demanding her resignation will be tabled at our next meeting on February 1."

'Scroungers' MP attacked

TORY CAMPAIGNER against "social security scroungers," Mr. Iain Sproat (South Aberdeen), came under fire himself in the Commons yesterday.

Mr. Stan Orme, Minister for Social Security, said, MPs were sick of him picking on individual cases when millions of justified applicants were entitled to benefit.

Mr. William Molloy (Lab. Ealing N.) referred to Press reports of Mr. Sproat, at a Tory women's meeting "giving hints" about how to fiddle social security.

Mr. Orme accused the Tory MP of "trying to be clever" and advising people how, in his opinion, the system could be beaten.

Mr. Sproat should advise people entitled to benefits to claim them.

Mr. Sproat had earlier referred to reports of a young girl from Rhodesia who had not done a stroke of work for five years and in her own words was "having a ball" on social security.

Another man from Limerick now living in New Cross, was getting £98 a week tax free and had not done a stroke for nine years in this country, he said.

It was "a painfully unjust system" which allowed this—yet compelled too many old age pensioners to struggle to keep their heads above water.

Mr. Orme said earlier that there was too much criticism that supplementary benefits were too high.

The Government rejected that view. If people tried to live on benefit for a few months they would understand what it was like.

LABOUR NEWS

Transport unions clash over stranded cars

BY PAULINE CLARK, LABOUR STAFF

ABOUT 60 British Leyland cars stranded on a freight train at the Didcot distribution centre, Oxfordshire, were last night awaiting a return journey to Cowley amid signs of a mounting furore between the road and rail unions.

The Cowley-produced cars were loaded on Monday onto a train bound for the James Car Deliveries depot at Didcot. Shortly after the loading, it was decided to send the cars by road instead—apparently to avoid a further confrontation with local Transport and General Workers' Union leaders representing Leyland road hauliers.

The cars could not easily be reversed back onto the loading bay and, according to British Rail, were taken to Didcot so the train could turn round and return with the cars facing the right way. They became stranded at Didcot, however, when British Rail retrieved the engine for urgent use elsewhere.

Confrontation

The incident is the most curious so far in a longstanding dispute which could lead soon to a direct confrontation between Mr. Sydney Weighall, general secretary of the National Union of Railwaymen, and Mr. Jack Jones, general secretary of the TGWU.

Since last July, when Didcot first became the centre of the row, the rail union has not disguised its concern that lorry drivers have been using their muscle to prevent goods going by rail, even where rail transport would be more efficient.

Mr. Weighell was asking his divisional officers yesterday for further facts on incidents so far and is to seek a meeting with Mr. Jones if there is evidence to justify a confrontation.

Meanwhile, the picture in Oxfordshire remained confused, with uncertainty about who was responsible for loading the 60 cars onto the train then deciding in favour of road transport.

British Leyland said it was not responsible for the method chosen for transporting cars for distribution. Mr. James Jewell, director and general manager of James Car Deliveries, believed Leyland made the decision because of congestion.

He added that his company always used road transport.

Cowley cars were sent to Didcot by rail in a one-off agreement with lorry drivers last Christmas but union leaders claim that this agreement is now being abused.

BP drivers call for ban on overtime

By Our Labour Staff

BRITAIN was threatened yesterday with serious disruption of its oil delivery network as some 2,000 tanker drivers in British Petroleum decided on industrial action in support of a 30 per cent. pay claim.

After a three hour union meeting, shop stewards called for an overtime ban from February if there was no improvement on BP's offer of a 10 per cent. increase in line with Government pay policy.

BP emphasised last night that there was still time for more talking and that normal negotiating procedure had not yet been exhausted.

Three other major companies —Shell, Esso and Texaco—have still to settle their wage agreements. Mr. Jack Ashwell, national secretary of the commercial road transport group in the Transport and General Workers Union, warned that they might follow suit unless they were offered more than 10 per cent.

Welsh miners think again on incentives

SOUTH WALES miners' leaders met yesterday to reasses their opposition to productivity deals —but any decisions made were being kept secret until after to-day's South Wales delegate conference at Bridgend, where lodge officials will vote on executive recommendations.

Only the Yorkshire area and South Wales are maintaining their opposition to Coal Board incentive deals. Mr. Emlyn Williams, South Wales NUM president, has said his area will not stand alone against the productivity schemes so Yorkshire support is vital.

An increasing number of Yorkshire pits are demanding acceptance of productivity deals. Mr. Williams claims miners will take risks to earn the incentive money and that the productivity deals are aimed at splitting the union, putting pit against pit.

Dockers reject part of productivity deal

BY ROBIN REEVES, WELSH CORRESPONDENT

A MASS MEETING of Avonmouth dockers yesterday failed to give wholehearted backing to a new "self-financing" productivity deal, which would be in addition to a 10 per cent. rise in basic rates already agreed with the Port of Bristol employers.

The meeting accepted the terms of a productivity scheme covering the majority of dockers, but rejected that part of the deal applying to one category of workers, known locally as "lieu differential" men. They include Customs attendants, stevedores' riggers and others whose jobs do not provide natural scope for productivity improvements.

The situation after this partial rejection of the deal was confused. The port employers met later to discuss the implications, but it was not immediately clear whether the issue could be settled quickly or whether it would amount to a new, major stumbling block.

In the balance hangs not only a new wages agreement at Avonmouth, but also the start of working operations at the new Royal Portbury Dock. This was officially opened by the Queen last August, but is still being boycotted by Avonmouth's 1,300 dockers pending a satisfactory pay deal at the old port.

Negotiations on conditions at Portbury, which will employ 100 of Avonmouth's labour force, are said to be well advanced and a settlement could be reached quickly when the present dispute ends.

Delay in Portbury's effective opening led to reports earlier this week that one of the dock's only two firm customers so far, Tor Line, was threatening to withdraw a plan to use the dock for roll-on, roll-off and container services.

The Swedish-owned company, while expressing concern at the continued hold-up, has denied issuing an ultimatum.

Mersey vote

STRIKING dockers on Merseyside are to hold a mass meeting this morning in the Liverpool Stadium to decide whether to continue their unofficial action, which stems from a strike by 60 men before Christmas over re-allocation of labour.

BBC TV engineers face suspension

BY OUR LABOUR CORRESPONDENT

TELEVISION ENGINEERS who caused serious disruption to BBC programmes on Monday night face suspension for breach of contract when they report for duty to-day.

Staff responsible for Monday's disruption were not on duty yesterday. The BBC, preparing for the possibility of further industrial action, warned that any others who refused to work normally would also be suspendid immediately without pay.

The latest round of action by the Association of Broadcasting Staff follows the failure of talks last week aimed at settling a long-running dispute about overtime and grading. Association members have been told not to work before 8 a.m. or after midnight, and this has led to suspension of 21 employees who refused to work later than midnight on Friday.

On Monday evening the association stepped up the action by telling 100 engineers to stop work and not return for the rest of their shift. This led to cancellation of Panorama, Nationwide, Tonight and Blue Peter.

Mr. Alisdair Milne, managing director of BBC TV yesterday wrote to the association calling for further talks in an attempt to settle the dispute.

In a statement to staff Mr. Milne said that the BBC had no wish to widen the dispute. The Corporation had arranged earlier closing of BBC 1 and BBC 2 to reduce the need for engineers working after midnight.

Yarrow workers stop overtime

By Our Glasgow Correspondent

THE 4,500 manual workers at Yarrow (Shipbuilders) on the Clyde introduced an overtime ban yesterday in support of their four-month-old claim for a 50 per cent. pay rise.

Affected by the ban will be completion of a Type 21 frigate, four Type 22 frigates —all for the Royal Navy—and four logistical support ships for Iran.

The men decided on the action in preference to an outright strike. They had been in dispute with British Shipbuilders since September over their claim, which they say is intended to bring them into line with wages paid at the nearby Govan Shipbuilders yard.

Yarrows have offered a 9.96 per cent. rise, together with consolidation of the last two pay supplements.

The claim, due for payment from October, has gone through all stages of procedure in the agreement between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions.

Now the confederation is taking the case to the Fair Wages Arbitration Committee and a hearing is expected before the end of January.

Yarrow's 1,200 technical staff, who have lodged a similar claim, have a hearing with the committee to-morrow week.

The company and its shop stewards are examining the feasibility of introducing a productivity scheme, but the unions feel progress has been too slow to offer any hope of resolving the dispute this way.

Strike threat brings denial of sackings

By David Potts

NEARLY a thousand workers at the Smethwick-based weighing machine plant of W. T. Avery were threatening to strike yesterday unless a sacking ultimatum to 200 colleagues at the group's Walsall foundry was withdrawn. The unions claim that Avery has threatened 200 workers with the sack over sanctions hitting the supply of castings to Smethwick.

An Avery spokesman denied that the group had any intention of declaring redundancies. He said: "We are trying to find a buyer for the foundry, but no statement has been made to the employees about redundancies."

Escort line stopped

FORD AT HALEWOOD yesterday stopped production of the Escort, which will cost it 900 cars a day, worth £2m. in the showroom. The production close-down is due to the continuing strike of 1,000 press men who are protesting against work schedules and work practices.

They met in Transport House Liverpool yesterday and decided by a 9—1 majority to continue the strike which started on Monday. They will not meet again until Tuesday.

● NEWS ANALYSIS—BRITISH LEYLAND

Speke strikers face closure threat

BY PHILLIP BASSET, LABOUR STAFF

STRIKERS IN their eleventh week of an unofficial stoppage at the British Leyland Speke plant knew when they decided to stop work that there was a danger, as there is in any strike, of the factory being forced to close.

But plans by Mr. Michael Edwardes, Leyland chairman, to save the company by slashing the size of the labour force, redesigning the new Mini and breaking down the single car division into smaller units, has suddenly emphasised that danger to the picketers.

For Merseyside, grappling with strikes at the docks, at Ford Halewood car plant and at Birds Eye Foods at Kirkby, as well as at Speke, closure of the 5,500-strong TR7-producing Leyland factory would be a major economic blow.

Local union leaders have already stressed—and local MPs facing the possibility of an election this year seem likely to join them—that it will be hard for Mr. Edwardes to make one-third of his desired labour cuts by closing Speke.

The Speke strikers believe that Leyland will propose some form of closure if to-morrow's resumed talks between Speke management, union officials and the Advisory, Conciliation and Arbitration Service fail to find an acceptable solution to the dispute.

Speke, once called Leyland's "industrial relations pearl," had a good labour record before the strike began on November 1 last year.

Because the plant assembles TR7s from parts supplied by other Leyland plants and outside companies, it has always been prone to layoffs from disputes at other factories. This strike, the unions say, is the first in the plant's history.

Good relations have been achieved through the Protected Earnings Plan, an agreement proposed by management but worked out with the unions which changed the wages system from piecework to measured day working. The plan was signed in May, 1972, and has worked with annual reviews since then.

The union claims management has broken this agreement and this is the cause of the current strike. Leyland realised 15 months ago that production levels would have to be raised. The unions accepted that production could be higher and agreed to look at Leyland's proposed manning levels.

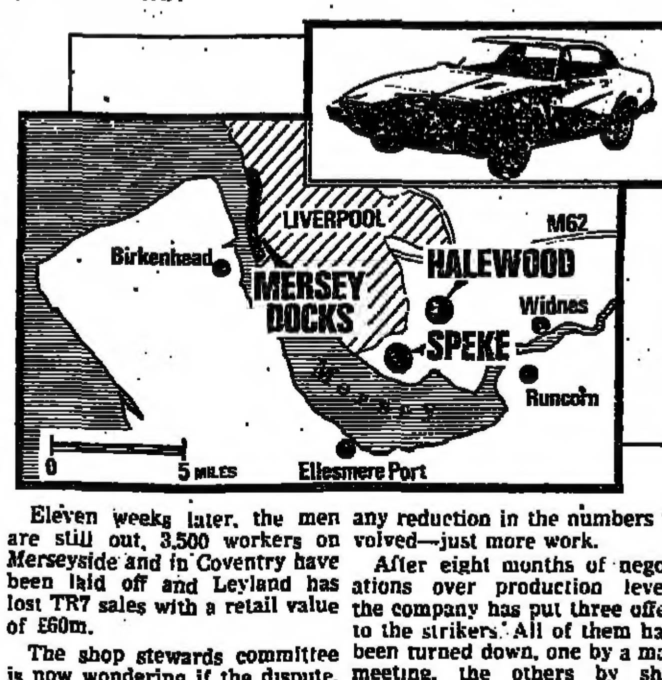
The current overall line rate of TR7 production at Speke is 14.5 cars per hour, according to the strikers who say management wanted this increased to an overall 18.5 cars per hour—a 27.5 per cent. production increase.

Leyland has refused throughout the strike to discuss the manning proposals in terms of line rate, claiming that it would produce unfair comparison within the company and could prejudice any ACAS talks.

Originally men working on 64 separate assembly operations disagreed with the proposals. By consultation, that figure has now been reduced to eight and before the strike the production increase had been agreed by about 90 per cent. of the factory section it applies to.

The other 10 per cent. have not agreed to the increase, and the strikers claim that management has flouted the three stages of a local procedure attempt agreed to in the Protected Earnings Plan.

Management tried to bring in the manning levels at the end of October last year, and the men went on strike. Shop stewards say that management thought the strike would not last because it followed a seven-week layoff due to suppliers' disputes, because the press shop workers were not affected and because Christmas was only eight weeks away.



Eleven weeks later, the men are still out, 3,500 workers on Merseyside and in Coventry have been laid off and Leyland has lost TR7 sales with a retail value of £60m.

The shop stewards committee is now wondering if the dispute, which was under way well before Mr. Edwardes took over the company, is being used as an opportunity to cut down the swollen Leyland labour force by closing Speke.

Leyland needs the TR7 to keep its dealer channels open in the U.S., the export market which the company hopes to expand. But the men are worried that the company's agreement to use Saab's Canadian distribution for the TR7 will weaken Speke's position still further.

Leyland says old agreements cannot be worked when conditions change, and that all it wants is to improve Speke's efficiency. It says the unions are demanding unreasonable manning levels and keeps urging the men to return to work and try the levels out.

The company is not proposing any reduction in the numbers involved—just more work.

After eight months of negotiations over production levels, the company has put three offers to the strikers. All of them have been turned down, one by a mass meeting, the others by shop stewards. Leyland feels it has tried to find a solution but that the unions will not move from their position.

Leyland used to be a plum job on Merseyside and drew men from a wide area. But men have been leaving Speke, 120 have gone since the strike started Merseyside/Ford and Vauxhall workers have passed the Speke wages level and some Speke men faced with high commuting costs, have been drifting back to less well paid local work.

Support for the strike is still solid. At the last meeting on November 21, the vote was seven-to-one in favour of continuing it. With Christmas behind them and no fresh management moves, the strikers are prepared to sit it out until ACAS finds a solution, until the plan agreement is adhered to—or until Mr. Edwardes makes his expected closure move.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Waste heat recovery

INDUSTRIAL use accounts for about 40 per cent. of Britain's primary energy consumption. Much of this energy is eventually dissipated as waste heat. One method of reducing losses of energy is to convert this waste heat into electricity to augment the plant supply, and so reduce overall costs.

This method of energy recovery is the subject of a research project involving Dr. D. O'Kelly (Bradford University), Mr. G. Musgrave and Professor J Sherlock (Brunel University), Dr. I. K. Smith (City University) and Mr. S. S. Wilson (Oxford University) for which the Science Research Council has awarded a grant of £27,050 over the next two years.

The project forms the first stage of a programme which might lead to the development of a device aimed at the conversion of waste heat to electricity by means of a high speed turbine-generator combination. The turbine would use a heavy organic vapour as the working medium, enabling relatively low waste heat temperatures to be employed, and would be coupled directly to a generator, to avoid the need for gearing. The turbine speed could vary during load changes, generator output being converted to synchronous mains frequency by solid-state techniques.

The grant holders claim that adoption of the developed device would represent an important advance in energy-saving practice.

Two Research Associates will be appointed for this first stage which will survey the potential applications and desirable power ranges of this energy recovery device in industry and determine the conditions under which the case for its adoption might be made on economic grounds. At the same time, work will proceed on the design of the device and on the identification of areas where further research would be needed before the design specification could be completed.

More from Mr. Musgrave on 0895 37188.

● BANKING

Citibank uses Arbat

ONE OF the world's largest international banks, Citibank, is using the SWIFT package developed by Arbat.

Arbat is to supply a modified version of its package and one 80K DEC PDP 11 minicomputer. Citibank SWIFT will use the new PDP 11 and share back-up with one of two existing PDP's currently used for other systems and will accept messages from the Citibank London switch, in cable format, and convert them into SWIFT format for subsequent transmission to the SWIFT network.

The advantage of this automatic message conversion method is that very little keyboard operation is required and that if a country concentrator or correspondent bank is temporarily out of action, messages for that destination can be passed through the London message switch and thence to the destination bank via telex facilities.

Citibank is already a very extensive user of minis, particularly DEC PDP 11's, and prior to the new decision, commissioned a SWIFT Interface Device (SID) selection study from a computer consultancy. After an exhaustive survey of Citibank's needs Arbat was selected.

Work has already begun on the contract and the first phase, designed to produce a stand alone system, incorporating some special Citibank requirements has already been completed. The next three phases to complete the link to Citibank's London message switch and to handle reformatting for its Foreign Exchange and Payment Systems are due for completion by April, 1978.

Meanwhile, Security Pacific National Bank in London has moved dealing operations to new offices at Arundel Great Court, 2, Arundel Street, London.

It has installed a purpose-built dealing desk and dealing room to house foreign exchange and sterling staff.

The dealing table itself is an irregular, 12 station dechedron which is constructed so that its central section may, at some future stage, be expanded by one station on each side. It was designed by Roberts Weaver, a U.K. design company.

The top is removable for access to wiring underneath and the table itself houses the Arbat dealers' system to provide up to date dealing information. The information from the Reuters Monitor System is displayed from television monitors housed in the ceiling, with keyboards placed in strategic positions around the table.

Claimed by Teradyne to be the most up to date laser beam trimmer for hybrid and other integrated circuitry this W411C machine is now installed at the company's Weybridge Technical Centre.

Compared with the equivalent unit of four years ago, this equipment has something like 50 per cent. higher throughput, thanks to an improved beam positioner and a higher power laser as well as the step and repeat handler introduced in recent months to cope with multi-circuit substrates.

The beam positioner has been extensively tested by customers and it has been shown to give them between 20 and 50 per cent. improvements in trim times. Repeatability of position patterns is very high, errors being less than 0.1 per cent. plus or minus 0.5 mil.

The cutting laser produces an intense beam in the infra-red and to make setting up simple, a small helium-neon laser is provided which produces a bright spot coaxially with the much more powerful unit. This allows the rim pattern to be observed with the main beam turned off, the low-power device leaving the work unaffected.

Development of the trimmers is not standing still and the company has invested over £1m. in further improvements during 1977, doubling the research staff involved in this area.

Teradyne has also announced a high and low temperature integrated circuit handler for use with its automatic test equipment. Daymarc 1152 H/L works over the range —55 to 125 degrees C. There is negligible frost formation and brief access to devices in cold operation is possible with recovery within one minute.

Further on the cutter and the handler from Teradyne, Clive House, Queens Road, Weybridge, Surrey KT13 9XB.

● COMMUNICATIONS

Cuts number of channels

CAMBRIDGE Consultants is to design digital speech interpolation (DSI) equipment for installation in the U.K. ground station at Goonhilly, as part of the international Time Division Multiple Access (TDMA) satellite communication system.

The equipment provides the means of making a number of telephone connections between ground stations using only half the number of satellite channels, and so has a considerable impact on the economics of satellite communications.

Digital speech interpolation relies on the measured statistics of telephone conversations, which reveal that, given a sufficiently large group of speakers, only about one-third are actually talking at any one moment. The equipment takes advantage of this by monitoring incoming telephone lines and dynamically allocating them to satellite channels only when they are speech activated.

Each speech segment has an associated instruction which enables their receiver DSI equipment to route the interleaved segments to their correct destinations. It is this dynamic allocation process which makes it possible to halve the number of satellite channels required.

Cambridge Consultants' equipment, which has been ordered by the Post Office at a cost of £120,000, is for 120 input lines and 60 satellite channels and is designed to allow for future expansion. A complex distributed multi - microprocessor system is used to control the continuous monitoring of satellite channels and incoming lines, and to allocate speech signals to unassigned satellite channels.

● COMPUTING

Micro given mini-power

INITIAL deliveries will begin this month from Fairchild of a new 16-bit microprocessor which its designers say has the ability to execute instruction sets normally used by a minicomputer and perform the corresponding operations equally well.

Fairchild's 9440 Microflame will carry out the Data General Nova 1200 instruction set, yet it is a device on a single chip mounted on a 40-pin DIP.

Fairchild has developed an initial software package and will offer an introductory kit consisting of the 9440, 16 4,096-bit memories, the components required for memory control, along with introductory software and manuals.

The company stresses that in bringing out a device which conforms closely to Nova 1200 operation it is not seeking to displace this Data General product but rather to "create a whole new market segment."

The initial software package with each 9440—Fire 1—will give the user the necessary tools to evaluate and develop computing arrays based on it. Fire stands for Fairchild Integrated Real-time Executive. It contains diagnostics, loaders and an interactive entry and debugging program.

Several other software offerings are available including Basic business language.

Introductory kit with processor, 16 4-k memories and their control components, as well as Fire 1 software costs $750.

Fairchild Camera and Instrument (U.K.), 230 High Street, Potters Bar, Herts. EN6 5BU 0707 51111.

● OFFICE EQUIPMENT

Produces a good image

INTERNATIONAL Office Copiers has a second generation dry-tone copier at a considerably reduced cost compared with earlier machines.

Combining the simplicity and reliability of conventional electrostatic models with the copy quality made possible by the dry-tone process, the machine gives a high-contrast, intense black-on-white image, on paper which is completely dry and odour-free. It is the 152DT.

The new model needs less than three square feet of desk space but produces copies up to B4 size, over 10 by 14 inches. Copy paper is fed from a cassette, and there is a single sheet by-pass feed for the times when a non-standard copy is needed.

No liquids are used and operation is instantaneous—no warm-up. The controls are extremely simple: a multi-copy dial (up to 20), a contrast control, and a copy switch. The copying speed is 360 per hour.

International Office Copiers, International House, Windmill Road, Sunbury - on - Thames, Middx. TW16 7HR. Sunbury-on-Thames 85666.

● FILTRATION

Keeps the coolant clean

REMOVAL of contaminating oil from coolants, and water used for washing or quenching, is claimed to be achieved very efficiently with the Hyde separator, a filtering device now being marketed by Zimmite (U.K.) 1, Artillery Row, London SW1P 1RL (01-222 6733).

The separator, which is free-standing, is available for individual applications or for centralised systems to handle 25 to 200,000 litres an hour.

A pump draws the liquids to be separated into an integral sedimentation tank where heavy solids settle. Liquids then flow through an inlet basket and down through the filtration media. Less viscous coolant or water passes to the bottom of the unit and out while the more viscous oil collects in the media discharging separately at a higher level.

● COMPONENTS

Temperature sensor

ANALOG Devices has a two terminal integrated temperature transducer, with an output current proportional to absolute temperature.

Type AD590 is intended to replace the conventional electrical temperature sensors—thermocouples, RTD's and thermistors—in the updating of temperature measuring and sensing equipment used in industries ranging from heating and air conditioning to aerospace.

This is the first product in a new range of integrated circuit temperature transducers to be produced by Analog.

A major advantage is that any well insulated twisted pair is sufficient for operation hundreds of feet from the receiving circuitry, as the device is insensitive to voltage drops over long lines due to its high impedance. In addition, the device is easily multiplexed—the current can be switched by a CMOS multiplexor or the supply voltage can be switched by a logic gate output.

It is accurate to 1 degree C over the range −55 to +150 degrees C. A version for −100 to +200 degrees C will soon be available.

Analog Devices, Central Avenue, East Molesey, Surrey. 01-941 0466.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

ACCOUNTANCY

Comments for consumers

By Graham Stacy

THE accountancy profession's pursuit of a system that can cope with changing prices has suffered up until now from an excess of debate and a shortage of practical experience. I hesitate therefore to add yet another article to the countless number that have been written and argued over subsequently in the correspondence columns of the newspapers. But we are about to enter a very important phase in the evolution of an inflation accounting system — Current Cost Accounting (CCA) is to be put to the test. It now seems probable that a majority of quoted companies will publish, with their 1977 accounts, a supplementary statement based on the Hyde guidelines.

The purpose of this article is not to criticise or suggest alterations to the Hyde guidelines but to offer some comments aimed at helping the consumers—the people who read and have to interpret accounts — to understand what CCA statements can tell us and to identify the important points which need to be watched when comparing one company's information with another's.

The Hyde guidelines propose three adjustments to historic cost profits relating to fixed assets, stock and monetary items (or gearing). The first two adjustments are probably widely understood and accepted. They are aimed at measuring the increased cost of maintaining the *physical assets of a business* when prices rise. There are certainly many theoretical and practical points still to be resolved, such as the use of modern equivalent assets, economic values, special types of business activity and backlog depreciation but we should not expect to solve all of these problems immediately. After all, there are still a host of unresolved problems relating to historic cost accounting and there is much to be said for allowing scope for experimentation to find the compromise between theoretical precision and the practicalities of business.

Agonised

For the moment, when looking at the additional depreciation charge in the current cost statement, remember that the life used to calculate the annual charge is probably more significant and certainly as subjective as the calculation of current replacement cost on which the depreciation is based. There will no doubt be agonised debates in many boardrooms on the question whether or not to use the same "estimated useful life" for current cost purposes as for historic cost depreciation calculations. We have all come to expect the lives used in historic cost accounts to be extremely prudent and it is not uncommon for fully depreciated assets still to be in use.

In CCA there will be more emphasis on arriving at a fair annual charge for all assets in use than on writing costs off *over a minimum period so the* same degree of prudence in selecting asset lives may not be so appropriate. Some companies may rationalise this problem by arguing that asset lives can only be estimated within a range and while it is right to choose an age from the lowest end of the range in historic cost accounts, for current cost purposes an average of the estimated range is more appropriate. It will be interesting to see how companies and their auditors grapple with this problem.

The cost of sales adjustment may show interesting trends in some companies. It is important to recognise that it may vary from year to year and will not necessarily reflect general inflation rates. A good example of this is to be found in the CCA information published by Unilever which showed cost of sales adjustments of £200m., £9m. and £113m. for the years 1974, 1975 and 1976. When considering the cost of sales adjustment of particular companies one would expect there to be some relationship between the percentage that the adjustment bears to average stock levels and the percentage price changes the company is likely to have experienced.

The third of the Hyde adjustments, the "gearing" adjustment, is the one which will give rise to most discussion and merits a closer examination here. The guidelines themselves admit that there are differing views on how to deal with monetary items and the Hyde gearing adjustment is a compromise solution. Its main attraction is the simplicity of its calculation—but this simplicity conceals a number of separate problems. Before looking at some of them it is useful to look at the basic calculation in diagrammatic form.

The diagram depicts the balance sheet of a typical company, *the size of the boxes* being in proportion to the balance sheet values of the different items. The Hyde gearing adjustment takes the total of the additional CCA depreciation and cost of sales and apportions it between equity (A) and net monetary liabilities (B). The proportion attributable to net monetary liabilities (B) is assumed to be capable of being financed by third parties and is added back in arriving at the profit available to the equity shareholders. Some companies, notably the banks, will have net monetary assets but the separate proposals for dealing with this situation are not dealt with in this article. It is important to realise that the gearing adjustment is not measuring the "gain" on monetary liabilities: it is measuring the extent to which costs arising from the increased replacement cost of physical assets may be borne by those who provide financing to the company. If there are no depreciation or cost of sales adjustments the gearing adjustment will be NIL, regardless of the way the company is financed.

The Hyde guidelines do not measure *separately* the increased costs of maintaining debtors. In the gearing adjustment debtors and other monetary assets are netted against monetary liabilities on the assumption that any increase in debtors caused by price rises will be matched by a similar increase in creditors. In interpreting Hyde, look out for situations where this assumption may not be valid. For example, the level of debtors in a labour intensive business will reflect changes in labour costs. If the labour is paid weekly these cost changes will not necessarily be reflected in similar changes in creditors.

THE HYDE GEARING ADJUSTMENT

EQUITY	A	FIXED ASSETS
DEBT	B	STOCKS
CURRENT LIABILITIES		DEBTORS AND CASH

Gearing adjustment is :—

$$\text{Additional depreciation} + \text{cost of sales adjustment} \times \frac{B}{A+B}$$

The gearing adjustment assumes that it is appropriate to spread the increased cost of maintaining physical assets proportionately across all providers of finance. Watch out for situations where this may not be the case. For example a retail store may have long-term borrowings secured on its buildings which it may be reasonable to assume can be increased in proportion to the increased cost of replacing buildings and trade creditors that can be assumed to increase in proportion to stocks but it is probably not valid to mix these two assumptions together. (It is interesting to note that the German accounting profession's proposals for a gearing adjustment relate long-term liabilities to long-term assets and partially avoid the effect described above.)

The gearing adjustment can be affected by the values placed on goodwill and other assets. If, in the diagram, there had been an additional box for goodwill at the top of the right-hand column, the equity (A) would have been increased by a similar amount so that the gearing percentage would have been different. The effect of this is that companies which write off goodwill will have a larger gearing adjustment credit to their profit and loss account than companies which continue to carry goodwill in their balance sheet.

The gearing adjustment assumes that part of the increased cost of maintaining physical assets can be met by increased borrowing. This may be an acceptable assumption for well established companies with a satisfactory profit record and a reasonable gearing situation. But watch out for companies with above average borrowings who may not be able to go on increasing them further as replacement costs rise. Watch out also for companies with a rate of return which is lower than *their borrowing rate. If they* borrow increased amounts to maintain their balance sheet "gearing," their profit and loss account gearing (the amount of profit absorbed by interest charges) may deteriorate.

Interim

The quality of the gearing credit will clearly vary between different types and sizes of company. It is to be hoped that companies will assist the readers of their accounts to understand the significance of the current cost information they publish by giving appropriate explanations. One specific piece of useful information would be an analysis of the gearing credit between that part which relates to general creditors and that part which relates to external borrowings, together with some indication of the company's financing policy.

I said at the beginning that I did not intend to criticise and I hope that what I have written does not appear to be just that. The guidelines are called "interim" and we must use the next year to look critically at the information being prepared by public companies. We will never get to a point when one single figure of profit for each company will be adequate to assess performance by comparison with previous years or other companies. Different users will want to look at companies from different points of view and in our discussions about accounting systems it is more important to aim for *disclosure of information which* people can use as they consider appropriate than for a single all-purpose "bottom-line" profit figure. I believe that the Hyde guideline information is a major step forward in providing the users of accounts with helpful information and I hope that my belief will be proved correct during 1978.

Graham Stacy is national technical partner of Price Waterhouse, responsible for all aspects of accounting and auditing standards, and for training. He is also a member of the U.K. accounting bodies' auditing practices committee.

Sue Cameron talks to the RCA's professor of design management

Good looks pay

BRIAN SMITH, first holder of the chair of design management at the Royal College of Art, believes that the Joneses had it right all along: appearances do matter.

Professor Smith, who has just completed a year in the RCA post, goes so far as to say that he can think of only one product whose appearance did not matter. That was the moon probe—which was never going to be put up for sale.

The importance which Professor Smith attaches to appearances seems to have grown somewhat in the last 12 months. When he took up his chair he felt it was desirable for design managers to be drawn from varying backgrounds: some might be trained as industrial designers—who are concerned primarily with product appearance—but others would come from finance, personnel or general management. Now he feels that ideally all design managers should be trained in industrial design.

Yet Brian Smith is himself an engineer by training and he believes that one of the prime tasks of design managers must be to secure a marriage between appearance and technology. He says most design managers need to be given a crash course in manufacturing and marketing techniques immediately after they have been appointed.

His first, provisional attempt at defining the job of a design manager was made when he took up the RCA chair. He has had a year to mull it over but he has decided there is no reason to change it.

"Design management is the *management of all design re*sources in a company right through from product planning *to the whole design team,* which includes the marketing man, the research and development engineer, the product engineer and the industrial designer himself," Professor Smith says.

"In the same way as there are managers for resources such as finance, personnel and purchasing, so there must be a manager for innovation, bridging the gap between the designers and the producers. Designers say they are not properly understood so products are bad and do not sell well abroad while the production and industrial managers say that industrial designers are expensive arty crafty people who do not understand the world of industry."

Professor Smith says his year at the RCA has shown him that the whole field of design management is even more neglected than he thought—there are few courses and no textbooks. He has therefore been devoting about half his time to the promotion of his subject. He has held seminars, stood on public platforms, written papers and gone into companies in order to preach the importance of good design and the need for better design management.

He believes this is an important part of his job though it could be argued that preachers have rarely made much impact on the sinners of the world: repentance in principle is a fine, *uplifting thing but the actual* abandonment of worldly goods and fleshly pleasures tends to be nasty, brutish and shortlived.

Few manufacturing companies—if any—would dispute the value of good design and effective design management. The problem, for many of them, lies in practising what Professor Smith preaches.

It would be unfair to suggest that he has spent the whole of the past year on promotional work—he has not. He estimates that about 20 per cent. of his time has been taken up with research or what he calls "finding the scene." This has meant ascertaining the size of the gap in existing design management education, discovering which industries most need to improve their design management techniques and visiting countries such as Russia, West Germany, Holland and Belgium to see how the whole question is tackled there.

Professor Smith has spent the rest of his time teaching, both inside and outside the RCA. He is not yet running a specific design management course of his own but he has already started planning one and he hopes to set it up by the end of this year.

He says that at present design management training can usually be classified under three headings: there are general management courses for industrial designers, design management courses for general business students and the type of small business courses which teach individuals how to start their own companies and market their own jewellery or textile designs.

Professor Smith points out that while general management training for industrial designers is necessary it does not constitute design management education as such. He adds that design management courses for business students are also important but they tend to produce good managing directors rather than good design managers.

"Ideally I think we should be taking industrial design people and giving them design management courses," he says. "But in practice I would hope to have design engineers and business students on my course as well as industrial designers."

"I am still feeling my way as *far as my design management* course is concerned and it will take a year or two to develop fully, but I want it to cover a number of specialised topics. These will probably include computer aided design, in-depth market research, production control systems and project management.

"We have to remember that *there are two routes to becoming* a product designer, one through arts and one through science. Arts-based designers are concerned with appearances, with ease of handling and with the effect a product may have on the community—whether or not it will be a pollutant for instance.

"Engineering designers, on the other hand, are concerned with the function of a product and with ease of manufacture. Yet these two groups of designers have to be brought together if a product is to be any good. The best industrial designers do work very closely with engineers and technicians but it is the job of a design manager to ensure that this happens every time."

Professor Smith adds that it was precisely because he himself is an engineer that his design management chair was *set up at the RCA instead of* somewhere like Imperial College.

"The RCA may seem a strange place to drop an engineer but it means I am in the opposite camp and this is valuable," he says.

He does not think there is any royal road to effective design management and he adds that *companies which are particu*lary good at it often have entirely different approaches. He cites Philips at Eindhoven, which has a strong centralised design department covering industrial designers, managers and engineers and compares this with ITT, which makes the maximum use of outside design consultancies.

The one thing he does insist on is that design managers should be in at the beginning *when a new product is being* planned. "Industrial designers like to be consulted early on when a product is still in the discussion stage but this is not always possible — sometimes work has to be done on performance specifications first.

"Yet it is vital that a design manager should be brought into the Boardroom at the outset when a company is deciding what sort of organisation it wants to be and what type of *products it is going to make."*

Professor Smith stresses that good design management can make all the difference to sales figures and order books. And this is why he is so insistent that when a product comes off the line and goes on to the market its looks will count—though looks must be backed up by good performance.

"Some industrial designers become upset when they are dismissed as being mere stylists," he says. "I tell them not to be fussed about it because appearance has to matter.

"Looks are important even with something like a machine tool. A good finish will inspire confidence because in a way it is a feature of the tool's function. And if a feature inspires confidence people will be more likely to buy it.

"*One example that comes to* mind are the mudguards on Volkswagen cars. They turn back on themselves at the ends and this makes them look thick, strong and therefore more effective.

"Another forceful example is the locomotive. Locomotives are old-fashioned, they are inefficient and they pollute the atmosphere. Yet there are thousands of people who love locomotives, who make long *trips to see them and who join* clubs to study them. Why? Because they like the looks of a locomotive.

"Appearances count."

BUSINESS PROBLEM
BY OUR LEGAL STAFF

Preparing for a tenancy

In the case of furnished lettings, what management costs may be allowed against rent arising in the preparation of a house for a first tenant and in respect of the actual letting?

There will be no income-tax relief for the cost of preparing the house for the first tenant; however, some of this expenditure should be deductible in computing the capital gains tax liability, if the property is eventually sold (or disposed of by gift, etc.). No tax relief will be allowable in respect of the cost of the first letting; you will find helpful guidance in Inland Revenue booklet IR27 (Notes on the Taxation of Income from Real Property). This booklet is obtainable free from most tax inspectors' offices.

Your inspector will probably agree to give you an arbitrary wear-and-tear allowance of 10 per cent. of the (net) rent, unless you prefer to have the cost of renewals allowed in future years (and consequently no wear-and-tear allowance).

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Notice of Redemption

Copenhagen Telephone Company, Incorporated

8½% Sinking Fund Dollar Debentures due February 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 1, 1971 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn by lot, for redemption on February 1, 1978, through the operation of the sinking fund provided for in said Indenture, $1,050,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000, PRINCIPAL AMOUNT OUTSTANDING

M 30	990	1720	3638	5055	5894	6619	7251	8159	8764	9458	10130	11192	12109	12692	13782	14285
35	931	1735	3741	5056	5896	6622	7257	8173	8765	9537	10131	11198	12162	12699	13801	14289
37	933	1740	3742	5059	5925	6653	7259	8181	8768	9539	10134	11202	12170	12700	13803	14290
41	953	1757	3768	5060	5929	6661	7263	8224	8773	9540	10136	11206	12172	12913	13819	14300
49	966	1772	3769	5076	5930	6666	7373	8227	8832	9545	10142	11212	12226	12914	13827	14304
77	977	1789	3770	5078	5934	6667	7376	8231	8837	9547	10144	11216	12231	12916	13834	14305
84	1004	1796	3876	5081	5954	6668	7458	8233	8840	9548	10147	11217	12241	12918	13840	14313
103	1017	1802	3877	5082	5955	6671	7462	8239	8843	9617	10153	11222	12247	12921	13854	14325
120	1021	1807	3878	5189	5959	6700	7465	8275	8845	9618	10154	11225	12255	12927	13867	14329
147	1064	1833	3908	5190	5960	6702	7466	8278	8848	9619	10156	11228	12264	13013	13877	14337
192	1077	1836	3909	5194	5961	6703	7469	8280	8895	9622	10161	11231	12272	13018	13885	14338
195	1083	1842	3910	5195	5973	6704	7537	8281	8899	9629	10164	11237	12277	13020	13892	14340
203	1101	1852	3911	5196	5977	6708	7539	8285	8902	9686	10267	11243	12314	13024	13900	14352
225	1114	1870	4020	5259	5978	6710	7543	8288	8907	9687	10269	11248	12319	13028	13915	14360
227	1126	1874	4021	5263	5980	6728	7544	8315	8908	9690	10273	11255	12331	13106	13924	14365
229	1132	1876	4058	5264	5981	6731	7597	8318	8911	9694	10275	11256	12333	13111	13932	14368
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
859	1679	3513	4954	5837	6556	7215	8100	8676	9354	10087	11164	11921	12674	13718	14255	14942
886	1681	3614	4958	5838	6558	7230	8103	8677	9447	10091	11166	11930	12681	13748	14256	14943
897	1690	3615	4959	5842	6609	7232	8104	8684	9451	10099	11171	11933	12683	13751	14262	
901	1693	3616	5016	5888	6611	7237	8106	8688	9452	10104	11177	12063	12686	13757	14264	
908	1709	3636	5017	5889	6614	7247	8108	8689	9453	10108	11185	12073	12687	13770	14273	
914	1715	3637	5054	5890	6617	7249	8167	8760	9457	10121	11191	12101	12689	13776	14274	

The Debentures specified above are to be redeemed for said sinking fund at **Citibank, N.A., Bond Window—2nd Floor, 111 Wall Street, New York, New York 10015,** the main offices of Citibank, N.A. in Antwerp, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt, Germany; Hamburg, Germany; Munich, Germany; Athens, Greece; Piraeus, Greece; Thessaloniki, Greece; Milan, Italy; Rome, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands; The Hague, Netherlands; Geneva, Switzerland; Lausanne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, England; and Dublin, Ireland; Citibank, N.A. (Belgium) S.A., Citibank, N.A. (Luxembourg) S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland N.V., Amsterdam, Netherlands; Kredietbank S.A. Luxembourgeoise, Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; and Deutsche Bank A.G., Frankfurt, Germany, as the Company's paying agents, and will become due and payable on February 1, 1978, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on said Debentures will cease to accrue.

Said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on said date with all interest coupons maturing subsequent to the redemption date.

For COPENHAGEN TELEPHONE COMPANY, INCORPORATED

By CITIBANK, N.A., Trustee

Dated January 3, 1978.

LOMBARD

Time to review industry aid

BY COLIN JONES

A SENIOR official at the Common Market headquarters in Brussels was asked the other day if he had been surprised by the fact that so few objections had been raised to a particularly expensive and questionable industrial subsidy scheme which had been submitted by a member country for clearance under the Treaty of Rome rules governing state aids to industry.

No, he said, he had not been at all surprised. Most of the other member governments were probably planning to do something similar themselves and were quite happy to have the way paved for them, while a German official—whose government might have been expected to argue the purist line—had told him that in the long run it could only be of help to German firms if their Community rivals were debilitated by government handouts.

The cynicism of this reply is a measure of the kind of rearguard action which the Commission has had to conduct against the recent proliferation of industrial subsidies in the EEC. It is no longer simply a question of ensuring that intra-Community competition is not distorted by members' regional aid systems. Since the present trade recession began, most governments have come to realise that financial aids to industry are one form of protectionist action which is available to them while still nominally subscribing to the principles of trade liberalisation. In steel, shipbuilding, textiles, paper and many other sectors there is both considerable overcapacity and a deep reluctance on the part of governments to allow companies or plants to go out of business.

Big spender

The result has been a series of ad hoc rescue operations which threaten to undermine the principles of the Common Market itself. The Commission has tried to dig its heels in against permanent operating subsidies while laying down guidelines for other forms of aid and it has had one or two notable successes. But there is not much it can effectively do in face of determined national governments, the derogations in the Treaty which permit aids for regional development, to remedy a serious economic disturbance, or to facilitate the development of particular activities—and the very considerable technical difficulties posed by the opaqueness of so many aids which has made it virtually impossible to measure their effects upon intra-Community trade.

As the public expenditure White Paper due later this week will remind us, Britain has been one of the biggest spenders on industrial aids—if not the biggest. In the present financial year rather more than £1½bn. will have been doled out to industrial firms in the pursuit of the Government's regional, industrial, and job saving or creation policies, plus another £1bn. plus for industrial innovation, industrial training, and export credit refinancing. Much of it derives from the Industry Act which the Heath government passed in 1972, but the Tories could not have foreseen the way the Act has been used by their Labour successors as the basis for an increasingly elaborate and expensive system of selective intervention in industry. One is bound to ask what concrete benefits have accrued from all this expenditure. Surely the time has come for a full-scale review of what precisely has been achieved?

Ministers claim that employment subsidies are cheap when offset against the reduction in employment and the cost of social security benefits. But there is evidence to suggest that jobs have been saved in subsidised firms at the expense of jobs in non-subsidised firms. The Government is proud of the "success" of its accelerated projects scheme and of some of the sectoral aid schemes. But it is hardly surprising that industrialists, if offered cheap money without strings, should find ways of using it to officials' satisfaction. Large sums have been expended on rescue operations which have failed because of weak management or inadequate appraisals or which have simply postponed the inevitable rationalisation and prolonged the instability of the market.

Lip-service

Meanwhile, lip-service is still paid to the importance of regional policy. But the proliferation of other aid schemes, by reducing the discrimination in favour of the assisted areas, has contributed to the policy's diminished effectiveness. Regional Employment Premium, the most expensive regional aid in terms of cost per job, has been abolished with a view to making policy more selective. But the biggest remaining aid—costing over £400m. a year—is the unselective regional development grant and the Public Accounts Committee is the latest of many critics of the very high cost per job involved in many grant payments.

If the Government is reluctant to conduct a full-scale appraisal—and the Commission in Brussels is too weak to force it and other member governments to do so — pressure will soon come from a different external source and in a way that will only complicate the efforts to preserve an open system of international trade. There are provisions in the U.S. Trade Act, 1974, which will make it mandatory for the U.S. authorities to impose countervailing duties on all U.S. imports receiving a production of export subsidy in the country of origin. They come into operation next January.

Filling the gaps in the flower beds

GARDENS TO-DAY

BY ROBIN LANE FOX

IT IS still an extraordinarily mild winter. I have Tobacco Plants still in leaf and flowering intermittently, not even the ordinary white, red and true-green varieties but the big-leaved *Nicotiana Sylvestris* which is generally believed to be more tender. There is a flower or two on a bush of Lavender and early buds are beginning to open on a red japonica. January 1975, in short, all over again.

It is also the week in which, belatedly, I plan to fill the more obvious gaps in the flower-beds. Two years of drought have now persuaded me that the bed which I made beneath one side of my house must be fed by underground springs. Hence, no doubt, the dampness of the rooms behind it. Grey mould on the inside of the windows is at least an opportunity for flowers on bog-plants outside.

Last year, I discovered the Musk, or Mimulus. You may be surprised, but I had only grown one before, the small yellow-flowered variety sold for damp or shaded alpine gardens and listed as Mimulus Primuloides. Sometimes, it is to be seen spreading far and wide over a square yard or so of damp north-facing banks, where it covers itself with pretty pale yellow flowers on six-inch stems. Not so with me. It lasted less than a year and led me to brand the Musk as one of those plants which I would grow in retirement next century in a damp old-age garden in the Gulf Stream.

Last spring, leaving a garden-centre and feeling obliged to buy something more than a packet of spinach seed after wasting the assistant's time, I settled on a pot labelled Mimulus Ochrid. It went into a small narrow bed, not particularly wet, in which I grow two slow Hepaticas and a relation of the Primula called Cortusa Matthioli, a plant which I recommend as easily raised from seed and easily pleased as long as you note its habit of disappearing from view in late summer. There, I added Ochrid and forgot it.

Not for long, however: It flowered without interval from May till August, until I assumed that it would flower itself to death. Nor were the flowers one of the dreary colours which usually accompanies a longlasting variety. They rely on a good clear yellow as their basic colour, blotched with a dark brown-red in that bright combination which is the mark of the old garden Musk. Seed set well, and I now have a batch of little Ochrids ready for next year.

Nobody during the summer was interested in the red flowers of Cortus or the fact that my neighbouring Hepatica was that excellent hybrid form called *Media X Ballardii*, a clear sky-blue which is worth a long search and a high price, as it is quite without equal in the family. "I see you bother with the old Mimulus," they would all say instead, "and it does look so exotic when you see it on its own." Myself, I seldom see it, if at all. Yet seedsmen sell seed of six varieties or more, offering improved strains, giant flowers and all the rest. Who buys it? FT readers, I trust, this year, for it germinates quite easily and leaves you with 50 good garden plants for 30p or less.

If you do not wish to try seed (annual or perennial varieties are available) you can always buy a plant or two from herbaceous plant lists such as Bressingham Nurseries, Diss, Norfolk. Ochrid is only one of many good options. There are three glorious reds, the colour which you otherwise hope for from those perennial Lobelias which fail to survive cold winters and dry summers. Red Emperor and Wisley Red are strong dark colours, verging on crimson. Neither is tall, seldom reaching a foot when in flower. They are plants for the edges of semi-shaded borders, excellent wherever they will not be overrun or dry out in a hot summer.

One musk-fancier whom I met last year remarked that he had always grown his plants best as an edging to a west-facing border in ground lightened by peat and leaf-mould, placing them, however, so that their roots could run under an edging of stones between the bed and the path. A stone keeps a plant's roots cool, one of the few reasons why beds of rocks are more than a fanciful attempt by alpine plantsmen to recall a lower slope of the Matterhorn in a suburban garden. The Musk is never happy if it is too dry, though Ochrid's fine showing in a summer which remained bone-dry until August suggests to me that this taste varies from plant to plant.

Besides the three reds, Bressingham Nurseries can sell you one called Shep, which I do not yet know. It is said to have yellow-brown flowers, one of the best shades which you can expect from a group of Musks raised from seed. A similar shade, prettily combined, can be enjoyed in one called A. T. Johnson which I have seen massed under Azaleas in Wales. It is taller than the others, nearly two feet high when in flower, a point which is in its favour in those slightly informal places where small plants in summer are otherwise over-run. Naturally, you must buy this fine variety as a single plant and increase it by division. It will not come true from seed.

Some call the Mimulus the "monkey-flower," a name whose origins I cannot trace. The only explanation given is that "mimulus" meant a mimic, and monkeys are mimics too. No doubt the poor old Musk is one of those flowers which are advertised as having a keen sense of humour. Nonsense apart, it has bold, large flowers, blotched, spotted and conspicuous. They last for months and grow without bother. I mean to mass it with the old Double Daisy, that fine bright long-flowering companion. It is one of those weeks when I feel that time and new breeding have caused too many gardeners to forget the best of their old and persistent flowers.

Crofton Hall likes Kelso course

RACING

BY DOMINIC WIGAN

JOHN DIXON, the popular Cumbrian permit holder who last month landed the Pommery Greno Trainer of the Month award, looks all set to boost his spectacular record at Kelso this afternoon.

Having won nine races this season with his string of four horses, he saddles Crofton Hall and Skiddaw View, and both may finish first.

That most consistent course specialist Crofton Hall, who has just Tumbeleena to beat in the two-mile Duns Chase, was a very easy winner here in November. He then made an unavailing trip south to Ascot for the Black and White Whisky Gold Cup, in which he unseated Jonjo O'Neill four fences from home.

Quickly he made up for that reverse, outclassing Nice Palm in Wetherby's valuable Castleford Chase, and he again ran well when chasing home Narribinni and Monte Ceco in the Johnny Walker Hurdle at Ayr a few days ago.

Provided no serious errors creep into his jumping here, Crofton Hall ought to prove up to conceding about two stone to the luckless and equally consistent Tumbeleena.

Skiddaw View, another top weight with highly impressive recent winning form, has just Tregarron, Stag Party and Little Swift between him and a treble in the three-mile Swinton Chase.

If he reproduces the form which saw him giving Scorton Boy 8 lb and a length beating in Ayr's Kilmarnock Chase half an hour after Crofton Hall ran there in the Johnny Walker, Skiddaw View could make light of his 12 st 2 lb.

Down at Towcester—where it will come as no surprise if Blue Braes creates an upset in the opening division of the Longwater Hurdle, for which Mackelly will be a hot favourite—Josh Gifford may well score with both Salviati and Mannyboy.

Salviati is taken to outpace Mr. Snowman in the Well-To-Do Challenge cup.

KELSO

12.15—Great Echo*
1.15—Crofton Hall
1.45—Carmoni Prince
2.15—Skiddaw View
2.45—Tangles Brother
3.15—Highland Spice

TOWCESTER

1.00—Mannyboy**
1.30—Blue Braes
2.00—Salviati***
2.30—Valmony
3.00—Colonel Nelson
3.30—Odeipus

Schweppes yacht week

YACHTING

BY STUART ALEXANDER

CASH prizes will form part of a new yacht racing series sponsored by Schweppes in August this year and based on the new Brighton Marina. The company is putting about £10,000 behind the event, to be called Schweppes Yachting Week and to take place in the week beginning August 19.

The races will be named after some Schweppes products, like Pepsi, 7-Up, Rose's and Kia-Ora and will cover fun races for week-end runabouts to more serious events for offshore racers.

On shore, entertainments will include displays of hang-gliding, and formation flying by the Red Arrows.

There has been a resurgence of interest in sponsorship of yacht racing in 1978—to the tune of £73,000—with several companies moving in. It is also the year of an Observer Round Britain Race.

At the same time as the Brighton event, the World Half Ton Championships will be held at Poole, sponsored by the Daily Telegraph and Beechams Foods at a cost thought to be in excess of £10,000 and, before that, the British Level Rating National Championships will be supported by Chloride.

Delmar, the marine fitting division of Delta Metal, is this year's new sponsor of Cowes Week which for many years was in the hands of Dunhill. Delta is putting in about £25,000 a year for three years, but has not taken up the option to sponsor the Admiral's Cup series, which takes place every other year.

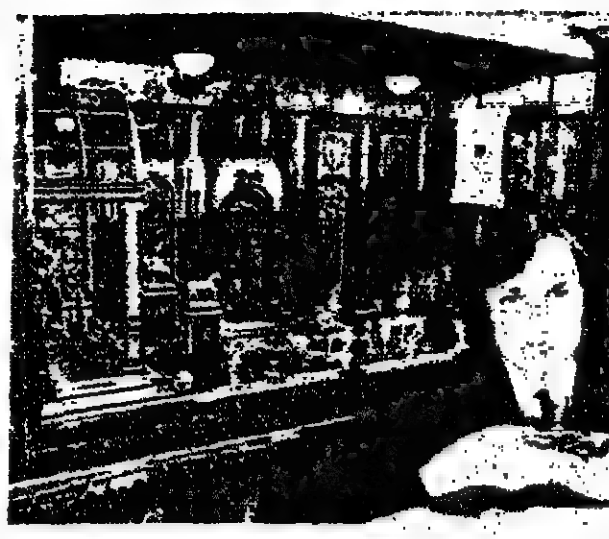
This was sponsored last year by Mumm champagne, but their offer for 1979 has not been accepted and the Royal Ocean Racing Club is believed to be considering a higher offer, possibly about £30,000.

However, there seems to be something of an auction over the Admiral's Cup and RORC is unlikely to take a decision until all bids are in.

Dolls house fetches £135,000

SALEROOM

BY ANTONY THORNCROFT


Mr. Roger Keverne, a director of Spinks, with Titania's £135,000 palace.

TITANIA'S PALACE, probably the most elaborate dolls house ever assembled, sold for £135,000 at Christie's yesterday to the London dealers, Spinks, bidding on behalf of a European institution.

The price, over double the forecast, was way above the £31,500 which secured the item in 1967, when it last appeared at Christie's.

Titania's Palace has 2,000 miniature furnishings which include many works of art. They include 16th-17th century Nuremberg miniature cannon and caskets; a 15th-century illuminated Book of Hours; a water-colour 2¼ inches by 1¼ inches painted by Samuel Palmer; an 18th-century Swiss mechanical fountain 2¼ inches high; and a jewelled peacock made for the 1856 Paris Exhibition.

The dolls house was built in the 15 years between 1907 and 1922 by Sir Nevile Wilkinson, soldier, artist and author of children's stories, who was following up a fancy of his three-year old daughter that she had seen a fairy among the roots of a tree.

He built the fairy a house 6 foot high, 12 foot long and 8 foot wide, with 16 rooms around a central courtyard. The rooms, which include a throne room and a chapel, are heated and lit by electricity.

From the start the house was intended to raise money for children's charities and for 45 years it travelled the world, was visited by two million people, and collected £150,000. In 1967, Miss Guendolien Wilkinson, who in her youth had seen the fairy, sold the house at Christie's, in aid of children's charities, to Mrs. Olive Hodgkinson, who exhibited it commercially, first at Wookey Hole Caves, in Somerset, and more recently at St. Helier, Jersey.

Bidding was brisk yesterday, and the sale was completed in 90 seconds. A New York bidder used the telephone, competing with young children and with owners of stately homes, but in the end the Palace went to Spinks, whose clients will continue to exhibit it, to children.

APPOINTMENTS

Dunlop group reorganisation


Sir Campbell Fraser

A major Dunlop group reorganisation has been put into operation by Sir Campbell Fraser, chief executive of DUNLOP HOLDINGS, who takes over the additional post of chairman at the end of May.

Three main Board directors are to become managing directors in group companies Dunlop Limited and Dunlop International Limited within a plan to streamline profit responsibility for operational activities on a product and geographical basis.

Mr. John Dent has been appointed managing director, Dunlop Limited, responsible for Dunlop's non-tyre activities in the U.K., including the development of licensing and turnkey projects with overseas customers, and for the group's major research programme.

Mr. E. Geoffrey Wheater becomes managing director, Dunlop Limited, in charge of the European tyre operations and non-tyre activities in France and Germany. He will also head tyre development programmes for the group as a whole.

Mr. Alan Lord will be managing director, Dunlop International, controlling a range of Dunlop operations outside Europe.

★

Mr. Thornton Hawkins, formerly personnel director of the overseas division of Booker McConnell, has been appointed to the Board of BROWN KNIGHT AND TRUSCOTT (HOLDINGS).

★

Mr. A. M. B. Large has been appointed a managing director of ORION BANK. Mr. Large has been an executive director of the bank since 1974, having joined in 1971 after six years with BP.

★

Mr. Andrew Ferguson has been appointed group managing director of J. B. HOLDINGS. He joined the group in 1967.

★

Mr. Murray S. Simpson has been appointed a director of CHRISTIAN SALVESEN (SHIPPING).

★

Mr. Bob Horton has been appointed technical director of RK INTERNATIONAL MACHINE TOOLS.

★

Mr. W. G. Cochrane has been appointed a director of the EDINBURGH INVESTMENT TRUST.

★

Mr. Dennis Dinmore and Mr Michael Dinnen have been appointed executive directors of HOWFIELD ENGINEERING, a member of the Wiltshier Group.

★

Mr. David Stone has been appointed managing director of MARFLOW ENGINEERING.

★

Mr. Terry Raikes has been appointed works director on the Board of DOLPHIN PRESS, a member of the Williams Lea Group.

★

Mr. Tom Jones is resigning as international sales director of Serck Heat Transfer, of Birmingham, to become vice-president heat transfer sales, of SERCK INCORPORATED of Houston, Texas.

★

Mr. Alan Reid has been appointed to the Board of RECORD RIDGWAY TOOLS as sales and marketing director. He was previously overseas sales manager. Mr. R. H. McKears, group sales and marketing director, will now concentrate on marketing policy for all companies within the group.

★

Mr. Thomas Dawkins has been appointed as managing director of FRANKIPILE in succession to Mr. Walter Rowland, who continues as chairman. Mr. Dawkins joined the company as designer in 1946.

★

Mr. J. B. Fullarton has been appointed to the Board of the HUXFORD GROUP as financial director.

★

Mr. Peter Cope, a member of the management of Linotype for ten years, has been appointed chairman of LINOTYPE U.K., in addition to existing directorships. The parent concern is Eltra Corporation.

★

Dr. David W. Wylie has been appointed chairman and president of STERLING-EUROPE succeeding Mr. C. R. B. Williamson, who has resigned to pursue a literary career. Mr. Eric E. Barber has become chairman of Sterling-Wintrop Group in place of Dr. Winthrop Group in place of Dr.

★

UNITED DOMINIONS TRUST has appointed Mr. K. Fowler as a general manager, Mr. G. Gillespie and Mr. E. C. Turk, assistant general managers, and Mr. F. A. Mobbs, regional director, South and South East.

★

Mr. Maurice Constant has been appointed senior manager of the first London branch of BANQUE CANADIENNE NATIONALE. Mr. Constant retired recently as a general manager of Grindlays Bank. Prior to that he was a senior overseas executive of the Ottoman Bank, working principally in Arab countries.

★

A company called WYSEPLAN, previously a division of Wyseplant, has been formed within the P and O Group. The Board of the new concern consists of Mr. Bryan Perry, managing director, Mr. David Earl, manufacturing, Mr. Norman Ewing, commercial, and Mr. Edward Welburn, marketing.

★

Mr. Peter Gardner is to be principal of the BAT Group Management Centre from May 1 and he will then relinquish his present responsibilities as chair- Teape Limited. He will remain deputy chairman of the WIGGINS TEAPE GROUP, a member of the BAT Paper Division Board and a director of Wiggins Teape (Belgium) SA.

TV Radio

† Indicates programme in black and white.

BBC 1

9.15 a.m. For Schools and Colleges. 10.45 You and Me. 11.00 For Schools and Colleges. 12.30 p.m. Closedown. 12.45 News, weather. 1.00 Pebble Mill. 1.45 Mister Men. 2.01 For Schools and Colleges. 3.00 Closedown. 3.53 Regional news for England (except London). 3.55 Play School. 4.20 Touche Turtle. 4.25 Jackanory. 4.40 Screen Test. 5.00 John Craven's Newsround. 5.05 A Traveller in Time.

5.40 News, weather.
5.55 Nationwide.
6.50 Sykes.
7.20 "The Prisoner of Zenda." Film starring Stewart Granger, Deborah Kerr, James Mason.
9.00 News, weather.
9.25 I Didn't Know You Cared.
9.55 Sportsnight.
11.15 To-night.
11.55 Weather, regional news.

All regions as BBC 1 except:

Wales—5.05-5.35 p.m. Bilidowcar. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 7.15-7.40 Trem. 7.40-8.10 Young Scientists of the Year. 8.10-9.00 The Oregon Trail. 11.55 Weather. News and weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.55 Weather. News and weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight. 11.55 Weather. News and weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

10.30 a.m. Charbar.
10.45 Parosi.
11.00 Play School.
11.25 Closedown.
7.00 p.m. News, weather.
7.05 Democracy at Work.
7.30 Newsday.
8.10 Julian Bream Masterclass.
9.00 The Master Game.
9.30 Play of the Week. "A Visit from Miss Prothero," by Alan Bennett.
10.10 Arena: Cinema.
10.50 The Light of Experience.
11.05 News, weather.
11.15 The Sky at Night.
11.35 Closedown: John Westbrook reads "Troublesome Fame," by Robert Graves.

LONDON

9.30 a.m. Schools. 12.00 Cloppa Castle. 12.10 p.m. Pipkins. 12.30 Sounds of Britain. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hadleigh. 3.20 Heart to Heart. 3.50 Couples. 4.20 Michael Bentine's Potty Time. 4.45 Pop Quest. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at Six.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 "Murphy's War." Film starring Peter O'Toole, Sian Phillips.
10.00 News.
10.30 A Prime Minister on Prime Ministers.
11.00 Bless This House.
11.30 World Snooker.
12.00 Night Gallery.
12.25 a.m. Close: Joe Melia reads Buddhist poems by Christmas Humphreys.

All IBA regions as London except:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.00 Jazz Concert. 11.30 Baretta. 12.30 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Mr. and Mrs. 6.00 ATV To-day. 10.30 Citizens' Rights. 11.15 Bullin's Grand Masters Darts Championship. 11.45 Police Surgeon.

BORDER

1.20 p.m. †Border News. 2.00 Houseparty. 5.15 Horses in Our Blood. 6.00 Lookaround. 11.00 The Odd Couple. 11.30 World Championship Darts. 12.00 †Border News, weather. 12.03 a.m. Closedown.

CHANNEL

11.55 a.m.-1.18 p.m. Closed. 1.18 Channel news. What's on Where, weather. 6.00 Channel news, weather. 6.10 Dynomutt—the Dog Wonder. 10.28 Channel news, weather. 10.32 Rising Damp. 11.00 A Prime Minister on Prime Ministers. 12.15 a.m. Epilogue, followed by news and weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News. 6.00 Grampian Today, weather. 11.00 Reflections. 11.05 Celebrity Concerts.

GRANADA

1.20 p.m. This Is Your Right. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Wish You Were Here . . ? 11.00 The Untouchables. 11.55 George Hamilton IV.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Crown Court. 2.00 Help Yourself. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Wish You Were Here . . . ? 11.00 Bless This House. 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV general service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.30 Y Cl, Y Gath A'r Gergell. 4.30-4.45 Y Coedwigwyr Newydd. 6.00-6.15 Y Dydd.

HTV West—As HTV general service except: 1.20-1.30 Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. Scottish news, road and weather reports. 2.00 Women Only. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Welcome to the Ceilidh. 11.00 Out of Town. 11.30 Late Call. 11.35 Police Woman.

SOUTHERN

1.20 p.m. Southern news, weather. 2.00 Houseparty. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Day by Day. 11.00 Police Surgeon. 11.30 Southern News. 11.40 Healthy Eating. 12.10 a.m. Weather and Close: The Chief Rabbi.

TYNE TEES

9.20 a.m. The Good Word, followed by North East News. 1.20 p.m. North East News. Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.00 Bless This House. 11.30 The Family. 12.30 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News. 5.15 Dynomutt, the Dog Wonder. 6.00 Ulster News. 6.05 Crossroads. 6.30 Reports. 11.00 Bless This House. 11.30 World Championship Darts.

WESTWARD

12.26-12.30 p.m. Gus Honeybun's Birthdays. 1.20 Westward News. 6.00 Westward Diary. 10.28 Westward News weather. 10.30 Rising Damp. 11.00 A Prime Minister on Prime Ministers. 12.15 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar. 5.15 Mr. and Mrs. 6.00 Calendar. 11.00 The Odd Couple. 11.30 Dan August.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Peter Powell, including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis, including 5.30 Newsbeat. 7.00 Sing Something Simple (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2 including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News, weather. 6.02 Ray Moore with The Early Show (S), including 6.15 Pause for Thought. 7.32 Terry Wogan (S), including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Listen to the Band (S). 8.15 Semprini Serenade (S). 9.02 Bing (S). 9.55 Sports Desk. 10.02 The News Huddlines. 10.30 The Show with Ten Legs. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News, weather, motoring information.

RADIO 3 — 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice (S): Reicha, Haydn. 8.00 News. 8.05 Your Midweek Choice (S): Tchaikovsky, Ravel. 9.00 News. 9.05 This Week's Composers: The Bologna School (S). 9.50 Music for Organ (S). 10.30 Song Recital (S): Purcell, Schumann, Britten. 11.25 Bavarian Radio Symphony Orchestra (S)—Concert: Schubert. 11.50 Words. 11.55 Bavarian Radio SO (S)—part 2: Hartmann, Mussorgsky. 1.00 p.m. News. 1.05 Concert Hall (S): Chopin, Ravel, Barber. 2.00 In Repertory (S). 3.00 Brahms (S): Chamber music. 3.35 Beecham's Delius (S). 4.20 Finzi's Hardy (S). 5.00 Building a Library of records (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound. 6.30 Lifelines: Language and Communication. 7.30 BBC Symphony Orchestra (S): Haydn's Mass in C major. 8.55 A Celtic Symphony by Bax (S). 9.40 Scientifically Speaking. 10.25 French Baroque Cantatas (S). 11.25 News. 11.30 Tonight's Schubert Song.

RADIO 4

434m, 330m, 285m and VHF
‡ Medium wave only

6.15 a.m. News. 6.17 Farming To-day. 6.35 Up to the Hour, including 6.52 VHF: Regional news and weather. 7.00 News. 7.10 To-day. 7.35 Up to the Hour, including 7.52 VHF: Regional news and weather. 8.00 News. 8.10 To-day. 8.45 Yesterday in Parliament. 9.00 News. 9.05 ‡The Living World. 9.35 ‡A Better Mousetrap. 10.00 ‡News. 10.05 ‡In Britain Now. 10.30 Daily Service. 10.45 ‡Morning Story. 11.00 ‡News. 11.05 ‡You, The Jury. 12.00 News. 12.02 p.m. You and Yours. 12.27 What Ho! Jeeves. 12.55 ‡Weather and programme news. VHF (except London and SE): Regional news and weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 ‡Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). "A Death in the Family." 3.50 Choral Evensong. 4.35 Story. 5.00 PM Reports. 5.40 Serendipity. 5.55 ‡Weather and programme news: VHF: Regional news and weather. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 File on Four. 8.00 Lord Peter Wimsey. 8.30 The Reith Lectures. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Europe Quiz. 11.00 A Book at Bedtime. 11.15 Financial World Tonight. 11.30 To-day in Parliament. 11.45 News, weather, followed by Interlude and 12.03-12.06 a.m. Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Holiday Scene. 9.30 London Live. 11.03 In Town. 12.03 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town. 8.30 In Concert. 10.03 Late Night London. 12.00 Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

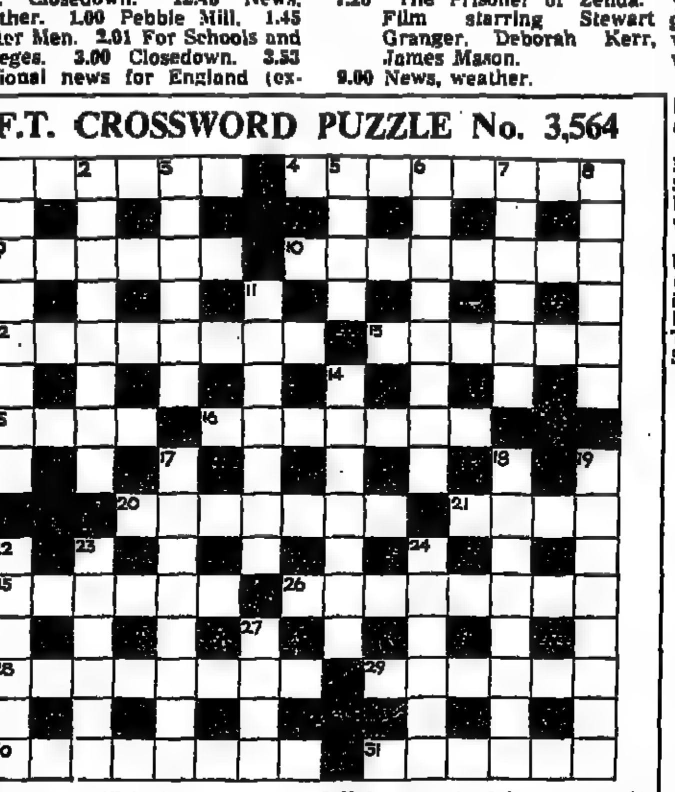
5.00 a.m. Morning Music. 6.00 AM. 10.00 Brian Hayes. 1.00 p.m. LBC Reports, including 3.00-4.00 George Gale's Call In. 8.00 After Eight. 9.00-1.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Mike Allen with Cash on Delivery. 1.30 p.m. Loveline. 3.00 Roger Scott's Three O'Clock Thrill. 7.00 London Today. 7.30 Adrian Love's Open Line. 9.00 Jonathan King's Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show. 2.00 a.m. Duncan Johnson's Night Flight.

F.T. CROSSWORD PUZZLE No. 3,564



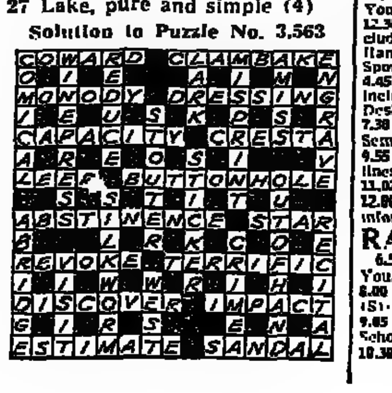
ACROSS

1 Left snake and its game associate (6)
4 Steady but certain to be in drink (8)
9 Company going to watch a playwright (6)
10 Member of two unions is a criminal (8)
12 Pack of cards and those dealt for a sailor (4-4)
13 Commend start of pay increase (6)
15 Throw to ship (4)
16 Firm bargain or 26 (7)
20 Go back in defeat (7)
21 Type of bird or animal that is willing (4)
25 Ill and needing first-class fish (6)
26 Biscuit to fluster sailor or 16 (8)
28 Refused to bend down and died (8)
29 Military force the French soldier takes on (6)
30 Tied up there to dry outside (8)
31 Extend cover and feast (6)

DOWN

1 The brightness of intelligibility (8)
2 Dejected—having moulted? (8)
3 Coarse but could be hearty (6)
5 Way out and without it (4)
6 Fake gem the Irish favour (8)
7 Fruit is seen in wet weather (6)
8 Held it herself disguising tremor (6)
11 Cheered for more of the middle in the end (7)
14 Evangelist has a job with the French (7)
17 While it could be me opposed to me (8)
18 Healing South Australian aboriginal (8)
19 Calculated thought (8)
22 Outlaw has to associate with it (6)
23 Evoke Oriental with legal following (6)
24 Maintenance on high part of castle (6)
27 Lake, pure and simple (4)

Solution to Puzzle No. 3,563



هكذا من الأصل

Theatre Upstairs

Our Own People

by MICHAEL COVENEY

The scene of David Edgar's lay for the Pirate Jenny touring roup is a government enquiry nto an unofficial strike at a Yorkshire mill in which less than half ie work force participated. But iat percentage is made up of sians incensed that, after the iitial withdrawal of labour, the ianagement advertised for and lled positions in the company or which white trade nionists considered themselves idigenously eligible.

The fact that Darley Park ills is a fictional company or iat the small print of union gislation sides with the white orkers does not diminish the ower of this singularly inriguing and non-partisan entertainment. While not quite chieving the textual colouration ' Mr. Edgar's prophetic *Destiny* i the matter of race relations, iis show nonetheless brings to the stage an area of British life and contemporary attitudes of riveting importance.

An audience can take its points of emphasis where it chooses; for me, the wrap-up testimony is delivered by a dignified Asian over an adjournment pint as he recounts how his mother came to this country from Lahore to work as a nurse in response to a government advertisement in 1961. The Minister of Health at the *time was* Enoch Powell. She was *asked* to come here and assist the economy.

The piece is most gripping as it touches the dramatic level of *Destiny* in passages like the downbeat confession of the militant pregnant woman (Chrissie Cotterll) about her recruitment to the National Front. And the dramatic screw is turned when the other face of industrial militancy in the shape of the female Pakistani strike committee member (Indira Joshi) scratches away at her opposite number's instinctively formulated resistance.

The piece is full of such dynamic confrontation, asserting the play's importance in the growing bulk of public plays by younger dramatists that meet the complexity of British urban life head on.

Director Walter Donohue has done a cool and measured job of allowing the pot to boil within the frame work of a court-room drama, eliciting beautifully judged performances from the strike committee's barrister (Sue Glanville), the committee chairman (Tariq Yunus) and the General Secretary of the Weavers' Union (John Gillett). In all, this is the sort of theatre work that brings those endless newspaper columns about Grunwick and associated topics to vivid and challenging life.

Varehouse

Frozen Assets by B. A. YOUNG

Here is Barrie Keeffe again, liciting our sympathy for uddy Clarke, a teenager in ouble. His problem is worse ian Mr. Keeffe's teenagers ually have to face, for he has cidentally stabbed a Borstal rew in the stomach and the rew has died. Rather than try get his account of the accident cepted, he absconds, thus suring a suspicion of murder. This is the kind of character r. Keeffe revels in, and Allan endrick plays it excellently, his notions hovering as it were st inside his mouth so that ery thought comes straight out ith no special relevance to what me before. To make things rder for him, Buddy has bad othache and every now and en the pain is all that he can ink of. His performance in e dentist's chair was enough make me grit my teeth in mpathy.

Buddy, however, is the only e of the 15 characters who is ore than a trompe l'oeil design cardboard, though David aller almost persuaded me of phantom third dimension to the ad screw who dies with a stake rough his belly and, later, the h Labour peer with a weakss for brandy and teenage ys. The rest are a kind of ussaud exhibition of property aracters.

Buddy's dash for freedom takes n first to an old aunt with a r breaker's yard, and so proles him with transport. Then to his sister Pam, married to a gh-class thief who gets dresses from a British Airways oking-clerk of houses about to deserted. Pam—and here the unds of belief are severely etched—tells her brother ich house is being burgled, t Buddy gets the number ong and encounters a simplended rich girl who, believing n to come from the garage, ps him £150 in readies to celerate delivery of the new g.

The burglar, when Buddy finds e right house, gets rid of him fast as he can, and we next e the boy visiting his sick other in hospital, where a man Catholic priest promises lp but sounds the alarm. In e dockland streets Buddy then eets Sammy, a drunken exxer, who recommends him to rd Plaistow, a man always glad do anything for a lad in fficulties.

So far the play has been all situation and little plot. When Mr. Keeffe feels a duty to tie up his loose ends he makes some pretty odd knots. Lord Plaistow takes Buddy to a party where the silly rich girl is another guest, and her husband, a dentist, is also there. At the other end of the social scale, Sammy has happened to find the stolen jewels that the burglar has stashed in a sandpit.

This sort of penny-dreadful coincidence won't do. Nor will the flat characters surrounding the hero, each of them decorated with some individual fault to emphasise the essential purity of this unhappy kid sent to Borstal for nothing more serious than stealing cars. Some of the dialogue is parody, I take it; but you can't write parody unless you're adept at the real thing.

It is time for Mr. Keeffe to widen his horizon. He's a big boy now; he can't go on writing *Gimme Shelter* all his life. The truth is that this quest for instant pity is too easy. It belongs in a 500-word story under a 48-point bold caps heading in a newspaper, not in the theatre. We never *see more* than one side of Buddy's character, or indeed of anyone else's. Presumably we are expected to come down on his side, for a happy ending of considerable improbability is tacked on. Back to Borstal and the murder charge is the proper conclusion. Even writers of television plays like the early *Z Cars* and an able series called *Probation Officer* (all those years ago!) knew that. If you are angling for sympathy for the downtrodden, you must keep them downtrodden.

Leonard Burt

Allan Hendrick and Marjorie Bland

urcell Room

Young Artists

by RONALD CRICHTON

The Park Lane Group's mirable series "Young Artists d 20th Century Music" is with again at the Purcell Room this ek, up to and including Friday ening. The concerts are luable both for the new perrming talents which emerge d for stimulating programmes. onday's opening included thing actually new, but plenty at was unfamiliar, while the ngle work on the threshold of e "familiar" category, Elliott rter's *Cello Sonata*, is of a iality that makes it always elcome.

In this concert, however, the nelight fell on a really unmiliar cello sonata, the one by ank Bridge written during the First World War. It was played by a gifted team—Melissa Phelps (a Tortelier pupil) and John York. Their intimate, introspective style was equally well suited to the hall and to the fastidious chromaticism of Bridge's style—they had strength in reserve when required. Some of the cello's impassioned high passages went out of true, but the risk was worth it.

Karen Jensen, a Canadian soprano who joins the ranks of singers with steady tone and *sure pitch* invaluable to composers to-day, gave "The wonderful widow of 18 springs," a butterfly of a song by John Cage with gentle hand-taps on the piano-case for the accompaniest, a selection from Copland's Emily Dickinson settings and a fragment of music-theatre, *Nightpiece* for soprano and tape by Richard Rodney Bennett, the featured composer of the series.

Nightpiece failed to grip through simple miscalculation. The text is a Baudelaire prose-poem. Miss Jensen, though a greatly talented singer, is not strong on French diction. The English programme gave an English version, but the lights were too dim to read it by. There was more, under the circumstances, to be got out of *Peroration* for solo soprano by Brian Elias, in which the changes of speed in verbal delivery of Browning's extraordinary lines, half-Latin, half-English, made a striking effect.

lizabeth Hall

Alfred Brendel by DAVID MURRAY

Brendel is to contribute four ogrammes to the "Mainly hubert" series on the South ank. We had his first on Monay night, divided evenly beveen very familiar Schubert d two sonatas which are not umiliar at all—one of them ecause it simply remained unnished. That was the C major onata D. 840 (about which the rogramme on sale had nothing hatever to say, nor about any ther work in the recital either): s Moderato and Andante are ublished with substantial ortions of a Menuetto and a ondo. The opening Moderato is nly grudgingly in C, which it oresakes repeatedly for darker eys; Brendel made it seem unommonly purposeful, though ome bald patches in the develpment still sounded provisional. The fine slow movement, in the onic minor, is monumentally lisconsolate, and Brendel's imosing account of it let it stand s a conclusion.

The A minor Sonata D 784 is better known, but overshadowed by Schubert's still later works in the form. Brendel insisted on its violent dynamic contrasts, and on its constant undercurrent of anxiety. His nerve-end delicacy in the Andante was excellent; I should have liked even more icy precision in the urgent Finale. Of late, though, Brendel has been cultivating a vein of somewhat daunting severity, and the deliberate softening of his touch for this Schubert music was *impressive*. One was most grateful for it in the "Wanderer" Fantasy, which suffers regularly from steely fingers: Brendel's performance of it here, searching and wholly successful, preserved its energetic toughness without any clangour. The slow variations were notably rich and broad.

The recital had begun memorably with the six *Moments musicaux*. Pianists often strain to be heard plumbing depths in them, since depths are universally agreed to be there, but the unselfconscious sweetness of the surface of these pieces is easily spoiled. Brendel allowed himself some hindsight, no doubt, and touches of near-Impressionist colouring; but the music sang wonderfully, as if from an intimate distance, and it cast very long shadows. Thoughtful discretion of this order is treasurable and rare.

Television

Where have all the stories gone

by CHRIS DUNKLEY

Appeal for more good stories in television drama and you are in danger of being dismissed as part of the "beginning middle and end" brigade who will not accept that a play really is a play unless there are French windows at the back and Scene 1 opens with a ringing telephone being answered by a maid in a black dress and a little white apron.

Go further and appeal for television plays with a more positive sense of right and wrong so that moral issues are developed in more definite black and white terms, and heroes and villains are easily identifiable, and your progressive liberal friends will mourn your loss to the clutches of the Festival of Light, or whatever the latest puritan lobby group may be.

Yet the risk must be run because television—of all things—is failing to provide a fair share of such entertainment.

I say "of all things" because television has (surely?) made greater efforts than any other medium to discover just what its audience likes best and wants most. Every week ITV through JICTAR, and the BBC through its own research department, issue figures detailing the most popular programmes. This week's JICTAR list claims that the BBC's *Mike Yarwood Christmas Show* narrowly beat the BBC's *Morecambe and Wise Christmas Show* into first place in Christmas week with 21.4m. viewers to 21.3m.

Furthermore simple head counting is supplemented by deeper research designed to give an "appreciation" or "reaction" index showing which programmes produce the most favourable responses from viewers. All that being so, it is difficult to understand why it is left to the Dominion to show television that what a great many viewers really want is *Star Wars*.

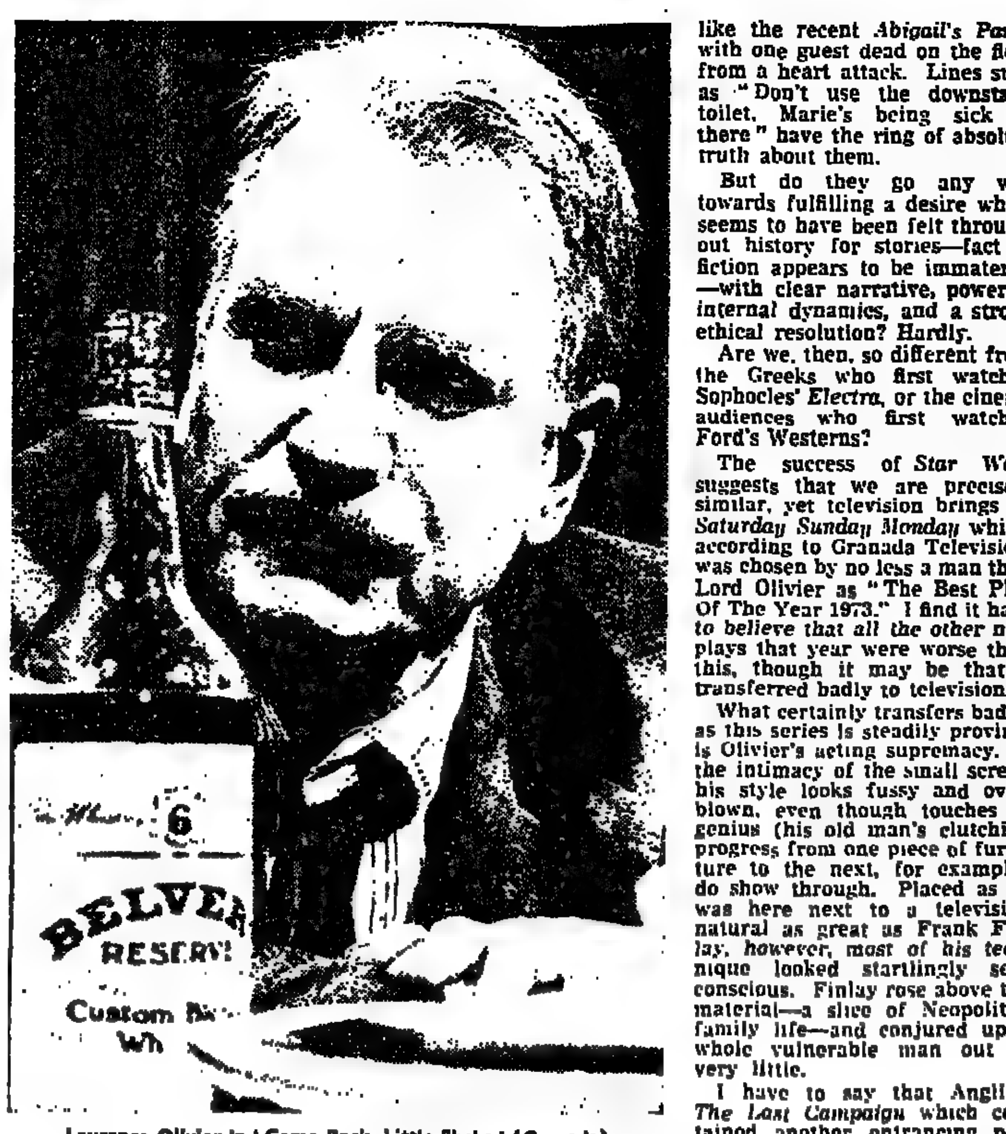
It does not surprise me at all that this film is making money *faster than any in the history of cinema*: it is *Shane* writ large and moved to interstellar space. There are some very satisfactory technical effects, and the robots are both appealing and funny, and for movie buffs there are dozens of Hollywood references (overt and otherwise) to be spotted.

But all that is incidental. The point is that the strong simple narrative concerns Luke Skywalker and his friends who wear white and fight for goodness, beauty, and liberty, and Darth Vader and his *sinister* allies who wear black, sneer a lot, and try to force everyone to toe the imperial line.

To suggest that all television drama departments should promptly turn over to the production of *Star Wars'* imitations would, of course, be absurd. But it is surely not so absurd to suggest that a large proportion of the audience would welcome more television plays with strong plots, clearly recognisable good guys and bad guys, and — if "*right*" *and* "*wrong*" *are felt* to be dangerously totalitarian words these days — certainty rather than doubt about moral issues.

You might think that a series such as BBC 1's recently returned *Wings* (a serial rather than a play but drama nonetheless) already follows this formula; after all it is about war, and what could be more black and white than that? However, it is set in the First and not the Second World War, and the growing interest among our more intellectual young in the past ten or 15 years in the First rather than the Second War seems to me to have stemmed from the very absence of blackness and whiteness, as we now see it, in the 1914-18 holocaust.

Sure enough *Wings* enlarges the doubts rather than the certainties. There are, thank goodness, no Nazi storm troopers let alone rimless-spectacled Gestapo thugs in *Wings*. There are brave gentlemanly English pilots and brave gentlemanly German pilots and they shoot at one another from their picturesque aeroplanes and salute one another when they miss. The villains, as the testy Captain Triggers makes very plain, are the remote members of the General Staff. But at least *Wings* does have a pretty positive narrative line.



Laurence Olivier in 'Come Back, Little Sheba' (Granada)

In so much modern television drama this is not the case. As with other art forms the fashion is *for* the artist to reproduce (sometimes not even bothering to *re*-produce but apparently just lazily producing) some unmodified chunk of everyday "reality," leaving the onlooker to get on with it.

Whether it be the pile of bricks on the floor of the Tate, or the wodge of sacking on the wall of the ICA, or the "slice of life" on the television screen, the attitude of the "artist" seems to be very similar: "Not only shall I employ no recognisable craftsmanship to transform my chosen material, and make no definite comment or commitment, but I will not even risk an implication. The work must be done entirely by you, the onlooker. If anything is to be gathered from this artefact you will have to infer it yourself."

Such an approach is not necessarily completely unproductive: in the case of television drama it can produce the occasional giggle or even outright laughter. BBC 1's *Scully's New Year's Eve* by Alan Bleasdale, for instance, certainly raised fairly regular if mostly embarrassed mirth.

A dumb granny with Parkinson's disease (or similar), a chairbound idiot boy driven into a staggering walk by his lust for a Boots style "painting" of a bosomy woman, and an elder son who plays perpetually with toy trains in the loft were some of the more notable characters in this all too believable "slice of life" which ended merrily, just like the recent *Abigail's Party*, with one guest dead on the floor from a heart attack. Lines such as "Don't use the downstairs toilet, Marie's being sick in there" have the ring of absolute truth about them.

But do they go any way towards fulfilling a desire which seems to have been felt throughout history for stories—fact or fiction appears to be immaterial—with clear narrative, powerful internal dynamics, and a strong ethical resolution? Hardly.

Are we, then, so different from the Greeks who first watched Sophocles' *Electra*, or the cinema audiences who first watched Ford's Westerns?

The success of *Star Wars* suggests that we are precisely similar, yet television brings us *Saturday Sunday Monday* which, according to Granada Television, was chosen by no less a man than Lord Olivier as "The Best Play Of The Year 1973." I find it hard *to believe that all the other new* plays that year were worse than this, though it may be that it transferred badly to television.

What certainly transfers badly, as this series is steadily proving, is Olivier's acting supremacy. In the intimacy of the small screen his style looks fussy and overblown, even though touches of genius (his old man's clutching progress from one piece of furniture to the next, for example) do show through. Placed as he was here next to a television natural as great as Frank Finlay, *however*, most of his technique looked startlingly self-conscious. Finlay rose above the material—a slice of Neopolitan family life—and conjured up a whole vulnerable man out of very little.

I have to say that Anglia's *The Last Campaign* which contained another entrancing performance from Finlay as the old man who befriends a truant lad and then finds himself accused of "unnatural" practices with him, was a play with a strong plot and no difficulties in identifying good and bad, right and wrong, light and dark.

However, in essence it was really no more comparable to *Star Wars*, *Shane* or *Electra* than were *Saturday Sunday Monday* or the next in the Granada series, the depressing *Little Sheba* in which Olivier was again overshadowed, this time by Joanne Woodward.

No doubt it will be objected that transferred stage plays and adapted books (*The Last Campaign* coming from the novel "The Captains And The Kings") are hardly the places to look, and that television's own version of the Western is the tough cop thriller. Yet *Starsky And Hutch* and the unappealing hard men in *The Professionals* hardly fill the bill: their morals would be acceptable to Darth Vader.

Olivier

Double Reeds

It was supposed to have been the critic of a London evening paper, arriving too late from Vino's one evening in 1923 to catch the premiere of Arnold *Bax's oboe quintet*, *but feeling* obliged nonetheless to produce a review of the work, who began his notice with the immortal words: "Five oboes are an unusual combination."

Six oboes and three bassoons are even these days a still more unusual combination; but in its piquant, buzzing fashion—and perhaps for not too long at a stretch—it actually works rather well. The six oboes in Dominic Muldowney's new Double Reed Ensemble all double either oboe d'amore or cor anglais, and one of the three bassoons is a contrabass. At their debut in the Olivier Theatre on Monday night—which was also the first concert proper ever to be presented on that stage—one missed after a while only some enrichment or reinforcement of the timbre in the middle ranges: in its lowest register the oboe tends to quack; the upper registers of the bassoon are notoriously querulous, difficult to manage. A pair of horns, or a couple of strings, would fill the tone-gap admirably.

We heard a *Garland of chansons*, an arrangement by Muldowney of 13 chansons "taken from a vast repertoire of 15th-century Parisian theatre music"—a short, bittersweet sequence, neatly made: and a vivid account of Berio's *Sequenza VII* for solo oboe given by Robin Canter—it was a good idea to have the accompanying drone on B played by various members of the ensemble hidden right and left in the wings, though disturb*ing at one or two moments* to find it much too loud.

Muldowney's own *Four, from Arcady* led a quartet of oboists an amusing chase for 10 minutes after each other's (and sometimes their own) tails—wholesome and slight. And for a finale the whole ensemble played with gusto an arrangement by Andrew Knights of Corelli's G major concerto grosso (no. 8 of *op. 6*) — *difficult to decide* whether such a squawk of double reeds was really a genuine alternative, or whether just a perfectly viable, and at any rate very jolly, way to play Corelli if you happen to have six oboes and three bassoons dropping by one rainy Sunday afternoon ..."

DOMINIC GILL

New 'Wells' season

Sadler's Wells Theatre will welcome three companies making their first visit during the new season: Pilobus Dance Theatre, presented by the French designer, Pierre Cardin will commence a two-week season on March 20; a troupe of 20 dancers and 30 musicians from Sawan in North Bali, Gong Sawan, start their two-week season from June 5 followed by the Spanish Fiesta de Espana.

Return visits are Ballet Theatre Contemporain (February), Ballet Rambert (March), Sadler's Wells Royal Ballet (April and September), Kathakali (May), Nikolais Dance Theatre (July), Marcel Marceau (July), Handel Opera (November), London Contemporary Dance Theatre (November) and D'Oyle Carte Opera Company in December. The current D'Oyle Carte season continues until February 18.

'A Free Hand' by William Packer

Every year the Arts Council invites two people to make purchases towards an exhibition; on this occasion, however, Financial Times critic William Packer was asked to select an exhibition from the paintings, drawings and sculpture already in the Arts Council Collection. He has brought together, in "A Free Hand," works by less well-known artists who are being represented in the Arts Council Collection for the first time as well as work by artists such as Caro, Golding, Hoyland, Huxley, Tucker, and Walker, who were first purchased for the collection some years ago.

This exhibition has been selected from work acquired by the Arts Council within the past four years. Inevitably it covers rather less than the whole field; but non-representational art is as various as any other broadly stated category, and here the intention is to demonstrate some approaches to it.

The exhibition consists of 22 works and from this week until February, 1979, will tour to the following places: Chester, Arts Centre; Birmingham, Ikon Gallery; Huddersfield, Art Gallery; Leeds, Polytechnic; Leigh, Turnpike Gallery; and Worcester, Museum and Art Gallery.

CINEMAS ARE CONTINUED ON PAGE 5

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Wednesday January 11 1978

Selecting new road schemes

THE ROAD building programme has been cut back severely in the past few years but a large sum of money—something over £600m. in the present financial year—is still being spent improving and extending the road system. New roads confer considerable benefits on a large number of people but their planning and construction can be extremely disturbing for those who happen to live in the areas through which they are to be cut. So on grounds of both public economy and the rights of individuals it is only right that the methods, assumptions and calculations used by the Government officials responsible for selecting new trunk road schemes should be given much greater exposure to informed public scrutiny, as the Leitch committee recommended yesterday.

Criticism

On the whole the committee found much that it could commend in the methods used by the Department of Transport. This is not surprising considering that it is now more than 20 years since Britain went in for a modern road building programme—a period surely long enough for any set of officials to bring their techniques to a measure of refinement. However, the committee makes three major criticisms. The cost-benefit techniques now being used tend to be dominated by factors that are most susceptible to valuation in money terms with the result that less readily quantifiable factors—such as environmental disturbance—appear to be given less weight. The methods used for forecasting traffic growth are inherently insensitive to major changes in policy or in the assumption made about energy prices. And officials presenting and defending their calculations to public inquiries have tended to be too reluctant to acknowledge the large area of uncertainty which is involved.

The last criticism may make insufficient allowances for civil servants' instinctive reaction when faced with the kind of attitudes displayed at recent roads inquiries. The point about cost-benefit appraisals applies to all such studies: the most notorious example being perhaps the cost-benefit study made of alternative sites for a third London airport, the difference between which seemed to rest essentially upon the particular valuation put on time saved by people going off on a package tour holiday. The problem of uncertainty arises in all investment judgments, whether in roads, railways, or in industry generally. But there is much in all the committee's criticisms, and the Transport Minister has done right in accepting them.

The changes now being made ought to raise public confidence in the Department's methods. They will also create stiffer hurdles for future road schemes, though this will presumably help to concentrate priorities on the most urgent remaining needs, such as by-passes, access to ports, and the most congested industrial routes. The next step should be to improve the methods used for selecting road schemes carried out by local authorities which are responsible for about 40 per cent. of the total expenditure on road construction.

Planned

Such changes may fail to appease the anti-road lobby, although they may help to isolate the most fanatical. Nor will they help resolve the road-rail argument, but this is essentially a matter for political judgment in which economic calculation can play only a part. On this, it is interesting to look back to the last century for one finds precisely the same environmental and other objections being made to railway building then as one hears about roads now and precisely the same arguments used by the canal companies about using their spare capacity as the railways are making now. The one thing that can be said about the present road building system is that it has given this country a much better planned roads network than the Victorians managed to achieve with the railways.

Ethiopia ready to strike back

REPORTS FROM Ethiopia suggest that government forces may be moving onto the offensive after a year of almost uninterrupted victories by forces fighting for the secession of Eritrea and the Somali-populated Ogaden. Fighting in both these regions could soon become even more ferocious, and the fact that this is likely to be almost entirely due to a major resupply of the Ethiopian armed forces by the Soviet Union raises the question of how the United States and the other western powers should react.

Russian commitment

The Soviet Union, having finally decided to support Ethiopia rather than its long-standing ally Somalia, has backed its commitment with dozens of shiploads of weapons, culminating in a dramatic airlift of supplies which ended only very recently. Russia has also sent in several hundred military advisers, who have been augmented by an even larger number of Cubans. It would be wrong to assume, however, that this will automatically turn the tide of Ethiopian fortunes on the battlefronts: the Ethiopian army suffered a serious mutiny last autumn, while a largely American-trained force inevitably faces difficulty in absorbing strange equipment on such a large scale.

But there are reports that the worst grievances of the armed forces have been met and that some of the new equipment has already been put to effective use. In Eritrea the Ethiopian forces appear to have stemmed an attack by the guerillas on the crucial port of Massawa on the Red Sea, while Russian-made aircraft have bombed guerilla positions in other parts of the province. What news has emerged from the Ogaden suggest that there has been no major advance by the Somali forces in the main part of the front in recent weeks.

The danger for both sides is that Ethiopia's greatly increased firepower will make the war considerably more bloody without necessarily producing a decisive outcome. Only an exceptionally skilful counter-insurgency campaign, accompanied by realistic political concessions, could now be expected to end the insurgency in Eritrea, where fighting has gone on for nearly two decades and where the secessionists control several important towns as well as large stretches of countryside: the Ethiopian Government has so far shown itself neither able nor willing to apply either tactic. And while the Ethiopian forces may soon be in a position to outgun the conventional forces supporting the guerillas in the Ogaden, it is difficult to see them defeating a people who are ethnically Somalis and bitterly determined never to be ruled by Addis Ababa again.

In face of the prospect of escalating bloodshed it is not surprising that the two main Eritrean guerilla groups are coming under increasing pressure from their supporters in the Arab world first to unite and then to seek a settlement with the Ethiopians. Any settlement in present circumstances would inevitably stop short of full independence — the movements' avowed goal — but could entail a considerable degree of autonomy within Ethiopia. The difficulty is that feelings on both sides have become so deeply entrenched that neither has yet shown signs of compromise.

Appeal for arms

Somalia meanwhile is publicly mentioning the possibility that it may be invaded by Ethiopia as part of a military campaign to recapture the Ogaden. This naturally lends greater urgency to its appeal for arms to the Arab States and Iran, and puts the western powers and the U.S. in an embarrassing position. Last November Somalia ejected its Russian advisers and closed down Soviet naval facilities on its coast. But the U.S. is deeply reluctant to become involved in a conflict which appears to threaten the sacred African principle that borders inherited at independence should be inviolate. Washington has no sensible alternative but to seek a negotiated settlement between Ethiopia and Somalia over the Ogaden.

MR. JENKINS' FIRST YEAR AS EURO-PRESIDENT • BY GUY DE JONQUIERES IN BRUSSELS

A Briton amid the French nuts and bolts

MR. ROY JENKINS upon his arrival in Brussels promised to be a "European" president who would head a "political" EEC Commission. A year later he is undoubtedly on the way to making good the first pledge. It is probably still too early to judge how successful he has been in fulfilling the second.

He cannot be accused of bending EEC rules to accommodate British interests. If anything, he has leaned the other way. His outspoken criticism of Britain's handling of its presidency of the EEC Council earlier this year and its delay in passing the direct elections Bill has not pleased former colleagues, especially on the Left wing of the Labour Party.

On the other hand, he has clearly found the switch from the familiar territory of Westminster and Whitehall to the strange and sometimes treacherous political waters of the EEC a fairly strenuous undertaking. In spite of his European convictions and his good personal relations with several key Government leaders of member States, he had no direct experience before he arrived of how the Community works in practice. Much of his first year has been spent learning how the predominantly French-made nuts and bolts of the Commission fit together.

At a time when many Governments are reluctant to surrender further authority to Brussels, he has scored a few personal successes which have helped to put him more firmly on the Community map, though it remains to be seen whether these will be of much more than symbolic significance in the longer term. Against strong French opposition he has won the right, as Commission President, to attend future western economic summits. But his brief at those meetings will be restricted to those subjects which lie within Community responsibility — a definition about which member Governments have disagreed in the past.

Contemplative style

He has struck up a good relationship with President Carter, whose recent visit to Brussels clearly flattered the Commission even if little business of substance was conducted there. He has also overcome fierce German resistance to a new EEC lending programme, to finance regional and energy projects, though it is less ambitious than the original Commission proposal and Governments have yet to put a figure to the total that can be borrowed under it.

If Mr. Jenkins now has a firmer grasp of the Brussels mechanism, he has disappointed some expectations that he would provide a more thrusting leadership than his diffident technocratic predecessor, Mr. Francois-Xavier Ortoli. Mr. Jenkins's style so far has appeared to be withdrawn, even contemplative. Ironically, for a man with such a long public career, he has given the impression that he feels most comfortable conducting business in small groups behind locked doors.

Within the Commission, he has not tried to lay down the law to his colleagues and has given a free hand to the more enterprising and capable commissioners like Mr. Finn-Olav Gundelach (agriculture and fisheries) and Viscount Etienne Davignon (industry and trade). That has enabled them to act with impressive speed on occasions, such as in drafting the new base price import systems for steel. But some older Brussels hands regret that this has meant that the 13 commissioners now hold less open debate on major policies and seem to function less as a tightly-knit team than in the past.

Whether better cohesion at the top would reverse the indisputable decline of the Commission's political authority which has taken place during the past few years is, however, questionable. The double impact of its enlargement from six members to nine and of the prolonged economic recession has caused the Community more and more to develop crabwise through inter-governmental collaboration, rather than along the pure lines prescribed by its founders more than 20 years ago.

The Treaties, on which most of the Commission's power has been based in the past, have in many respects been outdated and provide scant guidance about how to proceed, now that most of the Community's institutional foundations have been laid. The tendency in national capitals has been to look increasingly to Coreper the Committee of Permanent EEC Ambassadors in Brussels, rather than to the Commission, to prepare the ground for fresh decisions and to sort out long-standing disagreements.

It is unfortunate for Mr. Jenkins that his time in Brussels so far has coincided with growing British impatience with what is seen as the excessively meddlesome tendencies of the EEC. He would almost certainly have liked to make the Community better understood in his own country. But the outcry over the Distillers' Company dual pricing case just before Christmas and the current row in Britain about supposed pressures from Brussels to switch roadsigns to kilometres can only have sharpened public antipathy—however misguided—towards the EEC.

In spite of the outcry which met Mr. James Callaghan's negative views about further European integration, as outlined in his celebrated letter to the Labour Party National Executive Committee last autumn, no other Government has shown any serious desire to supply new impetus to the process on a grand scale. The lofty dreams of a European Union, which dominated the first 15 years of the Community, have been dispersed by more earthbound concerns such as persistent unemployment, sluggish growth, and industrial decline, for which all Governments seem to have despaired of finding any quick or simple remedies. Mr. Jenkins's principal answer so far has been to call for a relaunching of plans for a European monetary union. He claims that a move towards a single EEC currency would supply the necessary international confidence to permit a return to sustained economic growth and investment, while reducing inflationary expectations and stabilising exchange rates in one of the world's biggest trading blocs.

Well argued as his case may be, it has failed so far to ignite a spark in a community which seems at the moment to have little appetite for the kind of "qualitative leap" which a serious commitment to monetary union would entail. Even some of Mr. Jenkins's own colleagues, notably Mr. Ortoli, now in charge of the economics portfolio, believe that his ideas are too visionary, and that more is likely to be achieved through a gradualist approach with eyes firmly fixed on the ground immediately ahead.

In the short-term, the Commission has had no choice but to yield to the increasing pressures for protectionism which economic contraction has aroused, especially in Britain and France. The dispatch with which it has negotiated bilateral import limitations with low-cost textiles supplier countries and run up a provisional steel imports scheme has probably won it more plaudits from EEC Governments than any action it has undertaken during the past year. The traditional free traders in Brussels have justified the restrictions to themselves on the grounds that they have maintained EEC cohesion by averting the real threat of an uncontrolled rush into national protectionism. But this argument is slim consolation to poorer Third World countries which have been encouraged to view the Common Market as a major outlet for their limited range of exports. It is likely to grow even thinner unless the respite purchased by the measures is used to tackle the formidable problem of re-organising and modernising Community industries such as steel, textiles and shipbuilding.

Terry Kirk

Mr. Roy Jenkins

The Commission's powers to direct such change are very limited. Moreover, the Community's own resources are pitifully inadequate to shoulder either the cost of such an undertaking or to create fresh employment for those who will inevitably be made redundant in the process. It cannot therefore move any faster than governments are prepared to go, and its influence will depend heavily on how far it can convince the Nine that painful re-adjustments are inevitable and best carried out by international collaboration. In the past, commission proposals for industrial policy have failed, partly because they were aimed unrealistically high and sought to achieve too much at once. Viscount Davignon appears to have recognised that more is likely to be attained by coaxing Governments into a step-by-step approach, though it remains to be seen how successfully he can sell his proposals.

The coming year is certain to see renewed pressure on the EEC to make up its mind on another problem which goes to the heart of its future development — the applications for membership from Greece, Spain and Portugal. Greece is displaying growing impatience with the slow pace of its negotiations, which opened almost 18 months ago. Portugal expects a commission report on its request within the next two months. Spain seems in slightly less of a hurry, though it is eager to see endorsement at least of the principle of eventual entry.

So far, the Nine have responded lethargically, acknowledging the political imperative of underpinning the newly-fledged democracies in the three countries, but refusing to face up to the serious practical problems which their entry will pose. In so far as they have done anything, it has been to safeguard their own national interests. An ominous hint of the kind of political tensions to come emerged last year, when Italy blocked negotiations with several Mediterranean countries in an effort to extract a better deal from the rest of the EEC for its own Mediterranean economy. The French Government, facing a difficult election in two months' time, has also sought increased protection for its own farmers from the competition of lower-cost producers in the applicant countries. While its attitudes have been hardened by the election campaign, they are unlikely to soften appreciably if, as seems probable, the next Government in Paris enjoys only a slender majority.

Mr. Jenkins has tried to impart some direction to the deliberations of the Nine by warning bluntly that enlargement will cost them a good deal of money. But there is far from being a consensus on his basic thesis that a massive transfer of resources from richer to poorer members will be essential. Britain appears unperturbed by the prospect of the looser and economically more disparate community which would be likely to result; Germany, though publicly favouring a more cohesive EEC, has shown no signs of being prepared to foot the bill.

Concentration of power

Without major institutional reforms, it is hard to see how the decision-making mechanism in a 12-member EEC can avoid slow paralysis. The fear of many smaller countries, and of Mr. Jenkins, is that in such a situation real political power will become even more heavily concentrated in the hands of a few larger Governments, or that individual members will simply decide to go their own way, consigning the EEC to a future as a bigger species of EFTA.

A question mark hangs over the institutional and political changes that will result from the first direct elections to the European Parliament, due to be held either next autumn or in the spring of 1979. Will an assembly armed with a popular mandate prove a rejuvenating force, acquiring the necessary powers to make a tangible impact on the development of the Community? Or will it arrive on the scene too late to make much of a difference and settle back, after a brief initial flurry of notoriety, into a role as a rather ineffectual gadfly?

No one can be sure of the answer to this question, any more than to another—how the EEC will react to the other more threatening challenges now facing its members. No obvious solutions exist to many of the problems, and recently there have been disquieting indications that Governments are drifting into a mood of detached resignation. If Mr. Jenkins is to leave his mark in Brussels, it seems likely that he will do so by using the remaining three years of his commission presidency to point out the dangers of this approach, and concentrating the minds of his colleagues and of European Governments on the search for practical and constructive steps to avert them.

MEN AND MATTERS

Closed book in dockland

There is now little prospect that a report demonstrating why British docks have a far lower performance per man than those on the Continent will ever be published. Parts of the report were "leaked" two months ago, to the consternation of the organisations which produced it—the British Ports Association, the National Ports Council and the General Council of British Shipping. There was also anger among shop stewards in the British docks surveyed at figures suggesting that the turnaround of ships in Antwerp is three times faster than in our ports.

It is known that shipowners were anxious to see the full report printed, and the General Council of British Shipping pressed this view. But the National Ports Council told me yesterday: "We didn't seek to publicise it and we know of no intention to publish it now. It was a discussion document." When I asked whether any copies had gone to trade unionists, such as the Transport and General Workers' Union to which the dockers belong, I was told they had not: "The trade unionists don't want to be associated with it."

Labour lions

The general election of 1945 was not only a great British watershed. It is also sufficiently close for some of the young lions of Labour's triumph still to be stalking the political jungle: Harold Wilson and James Callaghan, for instance. Seen with hindsight, the dreams and realities of that moment so fascinated two journalists, Peter Young and William Harrington, that they have written a book called "The 1945 Revolution," due out at the end of the month.

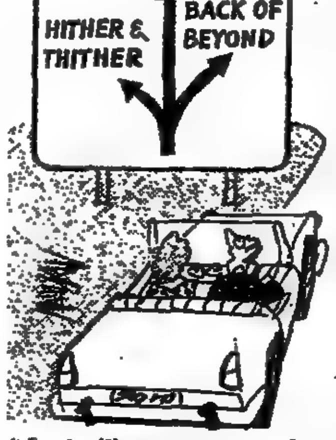
In collecting memories they have unearthed many long-buried gems. Asking about Callaghan, they were told by actor Gordon Jackson of TV's Upstairs, Downstairs fame, about an Anglo-Soviet friendship tour of the USSR shortly after the election. The eager young socialist MP representing Attlee's "new wave" was none other than our Jim. Incidentally, Callaghan wanted to be nominated for Reading, but had to switch to Cardiff because Ian Mikardo impressed the local officials more.

Young tells me that he was surprised, on interviewing Lord Byers, to learn that Wilson was a keen member of the Oxford University Liberal Club in his political salad days.

Eastern appeal

It looks as though Sir Murray Maclehose, Governor of Hong Kong, has not reckoned with the fighting spirit of the audio-typists in the colony's civil service. With a combination of determination and charm, Mrs. Matilda Cheung and Miss Vivien So are working their way around Westminster and Whitehall to spread their militant message: "Hong Kong is discriminating against its short-hand audio-typists." This week they have been seeing parliamentarians and trade unionists, using the offices of the National Union of Public Employees (NUPE) as their base. Next week they will be seeing an official at the Foreign and Commonwealth Office.

Mrs. Cheung and Miss So claim that they are the first women's delegation ever to make the long journey from Hong Kong to London to press a pay claim. A year ago, they told me, the 400 members of their association petitioned Sir Murray without result, then organised a go-slow and poster claim. In the end, all the girls got together and decided that London was their last hope, then raised the money for two return air fares. With the kind of efficiency anyone who knows Hong Kong might anticipate, the two delegates rattle off figures to support their case. Their main complaint is that the "equal pay" policies of the colony has passed them by because they are an all-female group, so that the administration says there are no men to compare them with.



"Looks like a page from the Leitch report."

All at sea

The widely-advertised "Bonus Breakaways" scheme operated by British Rail's Sealink is under attack from an unexpected quarter. Under the scheme, people taking trips to the Channel Islands between October and mid-May get a bonus with a mainland value of almost £11, consisting of a bottle of spirits (1 litre—your choice of whisky, vodka, gin or rum) and 200 cigarettes. Those indefatigable campaigners, Action on Smoking and Health, I am informed, are on the war-path.

When P and O Normandy Ferries offered 200 kingsize to users of the "French Streaker" service between Dover and Boulogne, ASH were able to get a parliamentary question asked by Sir George Young; it elicited a stern answer from Health Minister Roland Moyle. ASH wrote to P and O suggesting that in the interests of public health they should introduce a cash discount for non-smokers. Soon afterwards, P and O discontinued their promotion and promised to draw the attention of their French partners Normandy Ferries, to the topic.

When I suggested to British Rail that Sealink might want to alter its bonus offer, there was a stiff response. "There is no comparison between the P and O promotion and own own. Moreover, we have brought a great many tourists to the Channel Isles this winter." Even if some of them come back with a a smoker's cough!

Kid's stuff

If further evidence were needed that the Community institutions can waste much time on non-problems, it is provided by the European Court's Teddybear judgment. It apparently needed the collective wisdom and expertise of the nine best-paid European judges to decide that the Regional Financial Office in Cologne was right in thinking that three picture books called "Teddybear, Teddybear," "The Mouse Clock" and "My Friends," were meant for children. When consignments arrived from Japan, the importer had claimed that they should enjoy the lower tariff for general books. He succeeded in persuading the German court that the problem was so difficult that the European Court must be asked to adjudicate.

Observer

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Fuel for the anti-roads lobby

By IAN HARGREAVES, Transport Correspondent

IT IS just 20 years since Mr. Harold Macmillan cut the tape at the entrance to the Preston by-pass and launched Britain into the motorway age.

Certainly no-one present at that ceremony could have imagined that 1,400 miles of motorway and several national road building plans later, the Government would be commissioning a minutely detailed report into the methods used for its economic and environmental justification of such highways. The Government's action was taken in response to a sustained and frequently disorderly campaign against motorways.

The Leitch Committee Report on Trunk Road Assessment, published yesterday, already seems like a bench mark in a field of general disorder. Its 150,000 words of sober reasoning come at the end of a five-year period in which public buildings have been stormed, equipment sabotaged, Government inspectors abused at inquiries and protestors have even chained themselves to the inspectors' tables. During the same period the Department of Transport's response has often reflected a defensive inflexibility in the face of demand for change. Unfortunate inspectors, at crucial points not well supported by their political masters, have in a number of instances been compelled simply to abandon ship.

Although what is described as the "anti-roads lobby" mainly comprises individuals who simply happen to be affected by a particular road plan, there has emerged a national leadership of the movement which can be divided into two parts. These are the headline-grabbing campaigners like Mr. John Tyme, who has stated that motorways are the greatest threat to Britain since the Black Death; and the substantial body of academic and professional opinion which has argued with considerable sophistication that the Department's desire to adduce "scientific" evidence in favour of more roads has led to official calculations which are clumsy, inaccurate and deliberately obscure.

Cost-benefit

It is not primarily to Mr. Tyme and those who have followed his example that Sir George Leitch's committee has addressed itself. Composed half of academics itself, the committee has attempted to deal systematically with a range of complex criticisms about the use of computerised cost-benefit economic assessments of road schemes and the national traffic forecasts on which those assessments rely. Then, having looked carefully at these public complaints about the Department of Transport's methods, the committee has attempted its own critique. Those, like Mr. Tyme, who are primarily fighting their case on the grounds of the alleged illegality of certain parts of the planning and consultation process will have to await the Government's response to a further report from the Council on Tribunals.

One difficulty in summarising the committee's findings is that, as the final chapter of the report points out, the meaning and usefulness of the committee's work is inseparably bound up with its detailed commentary on the Department's various computer models. The key to the significance of this part of the Leitch Committee's work is perhaps best judged by treating the report as a manual of procedure for those who become involved in the business of objecting to, or indeed advocating a particular scheme. The report repeatedly stresses that such people should have the maximum possible access to the raw statistical material used by the Department in assembling its case at the earliest possible stage, and that such information should be presented as clearly and simply as complicated statistical exercises permit.

The report does, however, define three sharp issues of public interest which demand political debate and Government decisions.

The first is the method of forecasting how many cars Britain's roads will need to carry by the turn of the century.

The standard Government view is represented in the regular forecasts by Mr. John Tanner of the Transport and Road Research Laboratory. These assume a somewhat arbitrary "likely saturation level" of car demand of 0.45 (that is, 45 per cent. of the population will own cars compared with 26 per cent. now) and basically they attempt to calculate the length of the curve required to reach this point and therefore, in effect, the speed at which road construction must proceed.

The Tanner method is extrapolatory in type and, as he explained to the Royal Statistical Society recently, operates in a void. This is because future Government policy on the desirability of allowing car ownership to increase to such levels, and the likely share for private transport of dwindling oil resources towards the end of the century are both unknown.

This leads to the criticism that the Tanner forecasts, presented as they have been as government-supported national yardsticks for assessing the pros and cons of trunk roads, are given a weight they cannot and indeed do not claim to possess, and that they effectively stifle debate about future traffic levels at public inquiries into individual road schemes.

The Leitch Report rejects the extrapolatory method in favour of what it calls a "causal model," which it says could be made more sensitive to forecasts of growth in GDP and to other factors which govern decisions on car ownership, such as family structure, availability of public transport and the variability of fuel price. The Tanner forecasts are also criticised for making unjustifiable assumptions, such as the self-fulfilling notion that trunk road mileage will increase in line with car ownership (more trunk roads encourage more people to buy cars). Finally, Leitch insists, any forecast must indicate the range of uncertainties involved and expose these uncertainties to public comment.

Traffic flows

A particularly telling footnote to the committee's criticisms of the Department's forecasting record is the report's presentation of the results from 14 "before and after" studies of forecasts and actual traffic flows on particular schemes, all of which show inaccuracies and some of which show flows which are less than half the rates predicted.

When it comes to the Department's cost-benefit method of assessing the return in benefits to the nation of trunk road schemes—a return normally said to be in the region of 20 per cent. and therefore, if the comparison can be made, extremely good in terms of industrial investment—the report is satisfied that the Department's work is soundly based.

The report does, however, propose a significant widening of the assessment process so that in presenting the final case for or against a route, a "framework" document is provided setting cost-benefit calculations alongside considerations which are not easily expressed in monetary terms. These include the break-up of communities, environmental gains and losses and employment opportunities.

The third major issue to be dealt with in the report concerns the question of comparability between assessments of road schemes using cost-benefit and the purely financial calculation used in judging railway investments.

Some critics of the roads programme have suggested developing a financial assessment for road schemes by postulating a notional "British Roads Ltd." and attributing to it a whole range of capital and maintenance costs not, it is said, presently accounted for. Such a Board, it is claimed, would show a regular balance sheet loss. But the committee is more interested in applying cost-benefit to railway investment and it cites a variety of recent rail projects, where cost-benefit would have given up to an 18.7 better rate of return than an assessment on a financial basis. It adds, however, that although a cost-benefit analysis of the current *St. Pancras to Bedford* electrification scheme shows a net present value-to-cost ratio of 1:9, the scheme is still expected to add £1.3m. a year to British Rail's revenue deficit.

Thus the report, having established that cost-benefit studies of railway schemes can be done, quite rightly observes that the question of comparing road and rail projects is an unavoidably political question, beyond its scope. It will be interesting to see how far British Rail is prepared to push this argument as it prepares to launch its plan to more than double its electric network, a project which would require massive investment. It is also noteworthy that in recent months, British Rail has presented evidence on three motorway schemes, arguing that its own under-used capacity should be filled before additional road infrastructure is built.

'Uncertainty'

Where then does the Leitch report leave Mr. William Rodgers, the Transport Secretary, and his roads policy as re-defined in last June's Transport White Paper? The report does not offer any re-working, either upwards or downwards, of existing forecasts about traffic growth. It comments only on methods, although it seems fair to assume that the balance of its arguments would be to give more weight to the case against rather than for new schemes, and to suggest a more cautious view of the trend in car ownership. It also enshrines the principle of "uncertainty" and so, without doubt, places greater responsibility for major road planning decisions upon the Minister, and suggests that in future more comprehensive *reasoning will be required to* support the selection of a particular course of action.

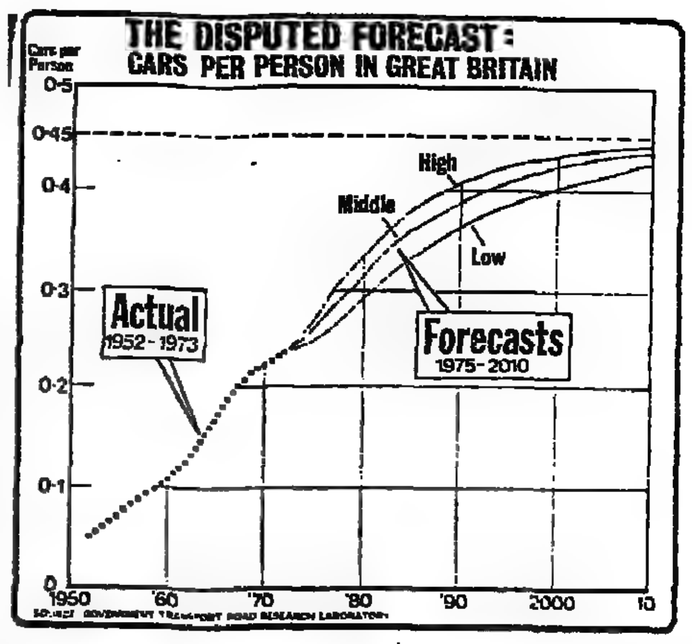
The Leitch report will make the job of the Minister more *arduous in another respect too*, as shown by the four-page dummy in the report of a hypothetical "framework" presentation of the pros and cons of a road project. Decisions on such projects, if the Leitch arguments are accepted, are not going to become any simpler.

But simplicity of assessment was never the point of the exercise. The idea was, in a sense, pure public relations: an exercise to regenerate public (especially "well-informed public") confidence that the department's road planners are not cooking the books and that even if they are—of necessity, making assumptions and value judgments—they will be exposed to adequate public scrutiny. The very publication of the report already makes available a great deal of previously well-guarded informa*tion and the idea of a committee* to monitor these matters in the future will probably be judged a useful safeguard by the rebel academics.

What Mr. Rodgers must be hoping for is that, armed with the Leitch report, the anti-road agitators will return to their local by-pass or motorway plans *and argue their case then with* the assurance that their view will be given equal opportunity for expression and ultimately equal consideration alongside that of the Department's.

At national level, Mr. Rodgers proposes in March to publish the first of his annual road White Papers in which he will deal with matters of national concern, such as the car ownership forecasts, energy forecasts, procedure at public inquiries and, of course, the promotion of new schemes. So, it is hoped, *the national debate will be* allowed to proceed without confrontations at local level.

The main effect of the policy noticed by the many groups which are still pressing for roads to be constructed has been a substantial delay of projects. A much postponed decision on the biggest of these, the £100m. M40 link between Oxford and Birmingham, will provide the acid test of Mr. Rodgers' policy. Whether the consultation process for this and other roads can proceed without warfare will *also indicate whether the Leitch* committee has at last succeeded in clearing the air between the objectors and government officials.



Letters to the Editor

Tax spending—not profits

From Mr. B. Cole.

Sir,—Mr. Newman (January 5) suggests that stock appreciation relief (SAR) should be terminated and clawed back, because of what he judges to be misuse of the system by banks and large stores. His recommendation is that the "resulting tax yield" be given back to "the ordinary income tax payer." There are many possible criticisms of this suggestion, but *I should like to make only two.*

His assumption that SAR was introduced "to assist traders over the oil and commodity price explosion" is an incomplete description of the need for this form of relief. In a time of inflation, historic accounting principles overstate a company's ability to pay taxes. As fallible human beings we have so far failed to solve this problem, but SAR is a move in the right direction, and is probably no more open to abuse than most other tax regulations. No doubt this is why a Labour Government introduced it.

I suggest that the worst thing we could do would be to trade reduced income tax for increased corporation tax. I happen to be in favour of a shift from direct *to indirect taxation*, but corporation tax is one of the least efficient forms of indirect tax. Its (simplified) effect is to shift national resources from efficient to inefficient companies, and its *incidence on goods in the shops* is arbitrary and unknown to the voter. Governments like it, possibly because of these characteristics.

We should be pressing for a reduction in income taxes and corporate taxes, with any compensating increases to be levied on expenditure (for example, by higher VAT), not on efficiency (that is, profits).

B. A. Cole.
*"Drake Wood,"
Devonshire Avenue,
Amersham, Bucks.*

No employee directors

From the Greater London Council Member for Hendon North.

Sir,—Your report (January 6) about the newly constituted Board of the Post Office with its trade union directors shows that it is far from being an experiment in industrial democracy.

There are no employee directors as such. The trade union directors were not elected to the Board by the Post Office employees.

In Germany it is an essential condition of the appointment of employee directors that they should be employees within the enterprise itself. Though certain *of the new trade union directors* of the Post Office are its ex-employees, they now work full-time for trade unions.

The Post Office seems to have set an example in "jobs for the boys" rather than in genuine industrial democracy.

Bryan Cassidy.
*Members' Lobby,
County Hall, S.E.1.*

Benefits from crime

From Mr. R. Irving.

Sir,—The publication of Goebbels' diary raises the important question—should a criminal or his family benefit from a publication whose chief interest is his criminal status or wrong doing? Certainly Goebbels would have hanged had he not committed suicide.

Many feel that the copyright in such publications (which are often of considerable public interest) should be vested in the Crown. Any royalties arising from publication could then be applied to the benefit of those *groups or individuals who have* suffered as victims. In many cases the Criminal Injuries Compensation Board would be the most worthy recepient.

At present U.K. law denies a writer copyright in "scurrilous" publications. This principle ought to be extended to any material relating, however tenuously, to a person's criminal exploits. The sole benefit and copyright in such writing should belong to the Crown alone.

Ronald Irving.
5, Upper Brook Street, W.1.

Too much moisture

From Mr. O. Rendell.

Sir,—In your issue of January 9 in the executive health column Dr. David Carrick recommends that all centrally heated buildings have moisture added to the atmosphere by the use of humidifiers.

Perhaps 5 per cent. of homes are overheated and as a result the atmosphere is too dry and the problems outlined do result. The majority of homes in this country, centrally heated or not, have an excess of moisture in the atmosphere, and this frequently shows up in problems with condensation. This is usually apparent on windows and water from these may be seen on the sills. By putting an extra pint of water into the atmosphere from a humidifier, one merely ends up with an extra pint of condensation.

Your readers would do better to purchase a humidity meter at a fraction of the cost of a humidifier to see whether their atmosphere really is too dry. In those cases where the atmos*phere does contain too little* moisture, a cheaper solution is to turn the thermostat down a few degrees and have some more houseplants in the home.

Most homes get too much *moisture*, because housewives dry clothes in the house and do cooking which gives off steam. Only in a small proportion of homes is this done in separate "servants quarters" so the *problem of excessive dryness* is usually limited to office blocks, hotels, etc., where there is no moisture coming in. The purchase of humidifiers when the atmosphere is already moist will benefit only the *manufacturers* of these devices.

Oswald F. Rendell.
*7, White House Way,
Solihull, West Midlands.*

Non-nuclear option

From Mr. A. Lovins

Sir, — All 30-odd *published* critiques of my energy work, including those of the Energy Research Group (cited by Mr. G. A. Saunders on January 9) and those animated by the Atomic Industrial Forum, are reprinted with full responses and supplements in two U.S. Congressional hearing records: *Alternative Long-Range Energy Strategies* (Senate Small Business and Interior Committees, 2 vols., May 1977 and January 1978) and *The Costs of Nuclear Power* (House Government Operations Committee, spring 1978). *The responses deal* satisfactorily with all points raised by all critics.

Readers will find that I have under-estimated the cost of nuclear power (using the *industry's own data) and have* explicitly computed, not ignored, electrical and other end-use efficiencies. The U.S. result: a marginal gigajoule of delivered space heat (35 per cent. of all U.S. end-use) costs, in 1976 $, about $17.5 from nuclear power with an electric fire and $7.4 with a 250 per cent.-efficient heat-pump, $5.0-6.4 from synthetic gas, $2.9-4.1 *from completely* solar space heat in a single house and $1.2-2.5 on a neighbourhood scale, and −$0.2 to $1.4 from more efficient buildings. (The cost from fuel oil and natural *gas a year ago in the U.S. aver*aged $4.1 and $2.8 respectively. British costs should be broadly comparable except about 40 per cent. more than the higher values for solar heat.) The nuclear/heat pump system competes with $30/bbl oil and should not be built.

My analysis assumes solar equipment as long-lived as power stations, and compares neither with oil-wells as an option because oil is not a long-run marginal source. If it were, the age correction would be roughly half Mr. Saunders's factor of three because replacement investments are discounted and because most of the oil system outlasts the well.

National Economic Research Associates Inc., the U.S. utilities' *main economic con*sultants declined to criticise my cost figures because they found nothing wrong with them. If Mr. Saunders troubles to read before writing, I think he will come to *the same conclusion.*

Amory B. Lovins.
*c/o Friends of the Earth,
9 Poland Street, W.1.*

Return of the dark ages

From Miss I. Cassidy.

Sir,—The correspondence concerning a proposal to place fast breeder reactors for nuclear power stations underground (January 6) may perhaps be of interest from a safety angle, but surely the troglodytes neces*sary to maintain and operate the* plant pose an insuperable problem. It may not be all that easy to consign to the nether regions live human beings either to construct and maintain *or to operate these potentially* lethal power stations. Remote control is all very well in theory, but a Hunterston type of fault in an installation in a cavern doesn't bear thinking about.

It would seem that the dark ages conditions of work for some will certainly return unless we see the light in time.

Isobel Cassidy.
*30, Chadston House,
Halton Road, N.1.*

Living with a strong pound

From Mr. W. Murphy.

Sir,—Perhaps I am simple minded but if the improving value of the pound cheapens our imports but *makes our exports* more expensive and therefore less competitive the answer must surely be that wages should be reduced (without detriment to living standards) and thereby reduce the cost of goods for export so that we are again competitive.

I do not recall seeing any economist reported as regarding wages as being part of the equation.

W. Murphy.
*40, Outwoods Road,
Loughborough, Leics.*

London is not efficient

From Mr. J. Stride.

Sir,—The *efficient market* hypothesis is largely supported by empirical studies showing strong evidence of random walk in stock prices. If London was an efficient market, no mechanical trading sytem could be expected to continuously beat market averages. The continuing success of recovery funds, and those invest*ing in small capitalisation stocks* would not be possible (unless we accepted that they are random, and likely to be followed by periods of underperformance).

Mr. Glass (December 20) maintains that the results of Mr. Carter's policy of buying depressed high yielders is in itself evidence that London is not an efficient market. Mr. Carter, however, has indulged in self deception in describing his investment policy—what he did was to purchase stocks with low equity market capitalisation to total debt (stretched in terms of both operational and financial gearing), on the critical assumptions that interest rates would fall and that the banks would continue to support those companies. What would have happened if the bankers withdrew their support has been vividly illustrated.

This analysis could support the contention of P. C. Baker (December 29) that Mr. Carter *just took greater risks*, and naturally received higher rewards—still possible in an efficient market.

The truth, however, is that Mr. Carter's experience neither *refutes nor supports the theory* that London is an efficient market. I contend that the following pointers provide more tangible evidence that London is not efficient.

Surveys have shown that balance-sheet concepts, and profit and loss account analysis are alien to the majority of shareholders. This inevitably puts the financially astute minority in an advantageous position. The second reason is that if it were efficient, there would be no need for legislation dealing with insider trading, since all price sensitive informa*tion would be instantaneously* available to all shareholders, and "insiders" could not exist. As far as I am aware no U.K. based communications service yet claims to have achieved the *latter goal.*

J. T. Stride.
*Amberley,
Tattenham Crescent,
Epsom Downs, Surrey.*

Fairly close guestimates

From Mr. P. de Val.

Sir,—I should like to correct an error in Mr. Marber's letter on market efficiency (January 3). He states that no analyst came within £5m. in his "guestimate" of Bass Charrington's final results of £90.4m. I was not alone in forecasting £88m. and at least one analyst estimated £90m.

Peter de Val.
*Laing and Cruickshank
incorporating Powell Popham
Dawes and Co.
The Stock Exchange, E.C.2.*

Incentive to work

From Miss M. Brookin.

Sir — I was more than surprised to read that a study of the unemployed had been launched by the Department of Health and Security to discover whether Social Security Benefits removed the incentives to work.

I would have thought a more constructive and proper way to conduct this survey would be to discover whether Social Security benefits removed the incentive *to work from those already em*ployed.

Karen M. Brookin.
*12, Wepre Hall Crescent,
Connah's Quay, Deeside, Clwyd.*

To-day's Events

GENERAL

Treasury issues details of Central Government financial transactions for December, including borrowing requirement.

Prime Minister ends five-day visit to India. Mr. Callaghan begins two-day talks in Pakistan to-morrow.

Egyptian-Israeli military com*mittee meets, Cairo.*

Mr. John Silkin, Agriculture Minister, speaks on "Britain in the EEC," National Liberal Club, S.W.1.

Mr. Roy Mason, Northern Ireland Secretary, is guest speaker at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.

South Wales area of National Union of Mineworkers holds delegate conference at Bridgend to consider its attitude to local productivity schemes.

CBI Eastern Regional Council meets, Cambridge.

London Chamber of Commerce business forum on Finance and Payments in the Oil-rich Arab States of the Gulf, 69, Cannon Street, E.C.4. 10 a.m.

Sir Peter Vanneck, Lord Mayor of London, receives Agents General for Canada at Mansion House, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, committee

Select Committees: Science and Technology General Purposes Committee. Subject: Durability and efficiency of discharge and filament lamps. Witnesses: Osram-GEC, Philips, and Crompton Parkinson (10.30 a.m., Room 16). Overseas Development. Subject: Renegotiation of Lome Convention. Witnesses: Overseas Development Institute (4.15 p.m., Room 8).

COMPANY MEETING

Fenner (J. H.), Leeds, 2.30.

OPERA

English National Opera production of Rigoletto, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company in The Mikado, Sadler's Wells Theatre, E.C.1, 2.30 p.m. and 7.30 p.m.

BALLET

Royal Ballet dance Swan Lake, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Laurentian Singers (from St. Laurence University, Canton, New York), St. Olave, Hart Street, E.C.3, 1.05 p.m.

Vivian Banfield (piano) performs works by Beethoven and Mozart, St. Martin Ludgate, Ludgate Hill, E.C.4, 1.15 p.m.

English Chamber Orchestra, conductor David Atherton, in programme of Janacek, Arnold, Halstead, Elgar, Nielsen, and Sibelius, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

COMPANY NEWS + COMMENT

SGB profits finish year £2.53m. ahead

THE SATISFACTORY improvement in pre-tax profit forecast by the directors of SGB Group at midway—when an advance from £2.76m. to £3.3m. was reported—turns out to be from £5.71m. to £8.25m., for the year to September 24, 1977.

Yearly earnings per 25p share are shown to have risen from 12.3p to 19.9p and the final dividend payment is 2.754p net for a 5.254p (4.704p) total.

	1976-77	1975-76
	£000	£000
Turnover	79,736	62,919
Int. and divs. received	164	165
Interest payable	1,733	1,469
Pre-tax profits	8,247	5,714
Taxation	*1,685	3,051
Minorities	137	154
Retained	3,021	1,354

* Reduced by a credit of £560,000 (nil) relating to prior years.

● comment

SGB, the largest scaffolding supplier and contractor in the U.K., has comfortably exceeded most analysts' expectations of around £7.5m. for the full year. Pre-tax profits in the last six months of the group's financial year have jumped from £2.95m. to £4.74m., on turnover of £42m. compared with £33.3m. Considering that the group's principal customer is the deeply depressed construction industry this is an impressive performance, especially since over four-fifths of the pre-tax outturn comes from the U.K.

Margins, which have been under considerable pressure since the second half of the 1974-75 financial year have been sharply improved—rising from 9.3 per cent. at the pre-tax level in the first half to 11.2 per cent. in the second. Prices firmed as the group increased its market share, and smaller and weaker competitors failed. Overseas, performance was sluggish, with pre-tax profits only improving a shade from £1.49m. to £1.55m. High operating costs in competitive markets, together with some loss of profitability on currency conversions were responsible. Group interest charges have risen nearly a fifth to £1.75m., on a similar rise in borrowings to nearly £16m. caused by an increase of working capital needs of a quarter to around £33m. On a full tax charge the shares at 155p (up 3p) stand on a p/e of 8.3, and yield 5.2 per cent.

HIGHLIGHTS

Reardon Smith has incurred losses in the first half and the dividend has been omitted, but the cash position has been improved by realising the assets of an investment trust purchased from Charterhouse Japhet. Profits at Letraset are 18 per cent. higher after six months, but sales are only 13 per cent. up which indicates that the period of rapid growth has come to an end. Lex also takes a look at the background to the new tap stock issue and the latest money supply figures. The elimination of losses at Greenwich has proved a useful boost to Butterfield Harvey while SGB has performed well in a very depressed building sector.

Astra tops £400,000 at mid-year

REPORTING TAXABLE earnings on target for the first six months to October 31, 1977, at £411,000, against £369,000, the directors of Astra Industrial Group say that, despite difficulties in the steel industry they are confident of being able to maintain progress. Full-time profit for 1976-77 was a record £811,000.

First-half turnover was down £0.83m. at £4.07m. Bank interest was up at £63,000 (£47,000) reflecting the exceptional financing costs, of about £26,000, relating to a new building.

The company expects to occupy the new premises, costing some £600,000, by the end of April.

Stated earnings per 10p share were better at 1.37p (1.33p) and the net interim dividend is lifted to 0.363p (0.325p). Last year's final was 0.675p.

Uncertain start at Serck

THE START of the current year for engineers Serck has not been encouraging and prospects are uncertain, Mr. R. G. Martin, chairman, says in his statement with accounts.

World markets for its products, particularly industrial valves remain difficult with no sign of improvement. "We shall need a concerted effort on the part of all at Serck to match the excellent results achieved last year." In the year to September 30, 1977, pre-tax profit was a record £9.32m.

Mr. Martin says a major capital expenditure programme is underway, covering all the main activities, but especially the valve and heat transfer companies. Directors do not anticipate any difficulty financing these investment plans.

In the latest year cash resources of £5.39m. were used by the company with £4.3m. invested on fixed assets. The group has begun the year with capital commitments of £3.45m. (£1.84m.).

In 1976-77 the international valves business had a good year despite a depressed market, with exports to the Middle and Far East, the Americas and South Africa providing a good level of orders. Its Australian operation has begun the year with record order books. Substantial reinvestment is underway in the U.K. and German factories to meet competition and demand in the future.

Heat transfer operations also had a good year and the modernisation of its Birmingham factories began in the year.

Serck services made a steady progress and steps were taken to introduce radiator servicing into the Arabian Gulf States with a company subsequently formed for this purpose in Sharjah.

Serck Controls is also taking steps to increase international penetration for its telemetry systems.

Accounts show net current asets slightly lower at £19.47m. (£19.78m.).

Meeting, Midland Hotel, Birmingham, February 9, at 12.30 p.m.

Reabrook Investment Trust

For the six months to November 30, 1977, pre-tax profit of Reabrook Investment Trust shows an improvement from £11,578 to £643.

Earnings per 25p share are stated at 1.11p (0.48p) and the interim dividend is raised from 0.375p to 0.5625p net. Last year's total payment was 1.045p.

Tax for the half year took £20,442 (£4,196) and minorities £8,444 (nil), leaving the attributable balance at £17,738 (£7,382). The sum of £8,736 (£1,382) was retained.

FMC to lease space at Zaventem

Meat wholesalers FMC are to take space on Trammel Crow's industrial estate at Zaventem, Belgium. Agents Jones, Laing, Wootton report that the unit, providing 1,800 feet of warehousing and offices, will be purpose-built for FMC's requirements.

Upsurge by Norfolk Capital

CONFIDENT HALF-WAY predictions for hoteliers and property developers Norfolk Capital Group have been borne out in the full-year figures to September 30, 1977, showing a 368 per cent. jump in pre-tax profit from £100,206 to £469,912.

At halfway, when the pre-tax loss was down from £144,844 to £48,482, Mr. Maxwell Joseph, chairman, said that trading had continued to be encouraging during the summer season. Although it was not possible to achieve the same percentage increase in occupancy as occurred during last winter nevertheless he felt that the full year's results could be viewed with some confidence.

A net final dividend of 0.4p is announced raising the total for the year to 0.6p per 5p share compared with 0.2p for 1976. Earnings per share are shown to have increased from 0.48p to 2.02p.

After tax up from £37,324 to £186,503, net profit rose from £62,882 to £283,409.

A professional revaluation of fixed assets has revealed a surplus as at September 30, 1977, of £4,179,652, against which goodwill of £459,988 has been written off.

The net addition to reserves and improved profits has had the effect of increasing the net tangible assets from £3,495,879 or 26.6p a share to £7,884,418 or 60p a share.

No Vickers compensation talks as yet

The directors of Vickers say that because of conflicting Press reports on Sunday and Monday they wish to state that negotiations with the Government regarding the amount of compensation which the company will receive for its nationalised aircraft and shipbuilding operations have not yet commenced.

Accordingly any references to a sum and its ultimate utilisation between the available options must be purely speculative until the amount of compensation has been determined.

Butterfield Harvey headway

ON SALES ahead from £19.95m. to £22.97m. pre-tax profits of Butterfield-Harvey rose from £0.88m. to £1.14m. in the six months to September 30, 1977. And the directors say they are confident that, given freedom from the effects of industrial disruption, profits for the second half will materially exceed those of the first, giving a total for the year substantially in excess of the £1.75m. for 1976-77.

The net interim dividend is lifted from 1p to 1.125p—last year's final payment being 1.1005p.

The directors report that the re-organisation at Greenwich is proceeding satisfactorily. A substantial area of the site has been vacated and its sale agreed, subject to contract and detailed planning consent. The concentration of office furniture manufacture at Margate, however, has created production difficulties which are delaying the return to profit of this part of the business.

Excellent results were achieved by the companies manufacturing municipal and other special-purpose vehicles, caravans, hydraulic cylinders and rubber mouldings, and from those companies factoring marine and hydraulic equipment.

● comment

Butterfield Harvey has reversed last year's second half downturn with first half profits up by 29 per cent., mainly due to the elimination of losses at Greenwich, which last year amounted to £1m. The static home economy has meant little overall growth in volume terms but because of the wide spread of products, the group has been able to compensate for the unexciting performance of those subsidiaries in plastics, building products and housewares. Shelvoke, the largest company in the group, did particularly well with exports of municipal vehicles (such as refuse disposal trucks) to the Middle East, Africa and the Far East but the home market is still feeling the effects of Government restrictions on public spending. The shares yield a prospective 5.4 per cent. at 67p.

D. F. Bevan improvement at halftime

Improved taxable earnings of £70,000, against £65,000, were achieved by D. F. Bevan (Holdings), metal merchants, etc., for the six months to September 30, 1977, on sales marginally ahead from £3.26m. to £3.54m.

Earnings per 5p share are shown at 0.97p (1.43p) basic and 0.78p (0.87p) fully diluted. Again no interim is to be paid but the directors remain confident that they will be able to pay the maximum permited at full-time. Last year 1.21p was paid from record profit of £0.21m.

	Half year 1977	1976
	£000	£000
Sales	3,540	3,263
Interest	22	25
Pre-tax profit	[illegible]	65
Taxation	36	30
Retained	34	35

Mr. William Fieldhouse, chairman of Letraset International—steady growth in the first half, and the firm tone should continue.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Astra Industrial	int.	0.36	Mar. 17	0.33	—	1
British Benzol	int.	Nil	—	0.33	—	1.19
Butterfield-Harvey	int.	1.13	Feb. 21	1	—	2.1
Investors Capital Trust		1.05	Mar. 16	0.65	1.65	1.2
Letraset	int.	0.9	Feb. 24	0.52	—	2.83
Norfolk Capital		0.4	—	0.2	0.6	0.2
Reabrook Inv.	int.	0.56	—	0.38	—	1.05
Reardon Smith	int.	Nil	—	0.81	—	1.63
Saatchi & Saatchi	2nd int.	2.13	—	2.7	4.13	3.7
Schlesinger Amer.‡	int.	3	Jan. 31	3	—	7.25
SGB Group		2.75	April 11	2.5	5.25	4.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

British Benzol drops to £0.26m. so far

HIGHER prices of coal, the company's prime raw material, and other costs further reduced margins at British Benzol Carbonising for the six months to September 30, 1977. Taxable earnings were more than halved from £581,000 to £235,000 on sales up £1.2m. at £7.84m.

Conditions remain very difficult in the industry and as European coke stocks are at a very high level the company is operating at reduced production at both plants until the directors see an upturn in demand.

In view of the existing conditions, the uncertain outlook and the need to conserve remaining cash resources the Board has decided not to pay an interim dividend. Consideration of a payment for the year will be made when the full-time result is known. Last year 1.1948p yas paid from record profit of £1.41m.

Stocks of metallurgical coke have built up at the Bedwas plant and production has had to be curtailed. Because of the present level of demand the directors have considered it prudent to reduce the value of stocks by £122,000 at midway, which had a material effect on the figures.

Tax for the half-year took £133,000 (£337,000) and after an exceptional debit, this time, of £162,000 and minorities there was a loss of £40,000 (profit £243,000).

The exceptional items represented the amount already expended on the proposed battery rebuild at Bedwas which has been deferred for the time being.

If at some future date the company continues with the rebuilding this expenditure will not be incurred again and will be back into the capital account, the directors explain.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's time-table.

TO-DAY

Interims—AGB Research, ERF (Holdings), Halma, Hollas, Owen and Robinson.

Finals—Epicure, Kenning Motor, M and G. Dual Trust, McCorquodale, Reo Stakis Organisation.

FUTURE DATES

Interims—	
Allied Retailers	Jan. 18
Burt Boulton	Jan. 19
Continuous Stationery	Jan. 19
Eastwood (J.B.)	Jan. 16
Heron Motor	†Jan. 18
Howard Shuttering	Jan. 16
New Central Witwatersrand Areas	Jan. 18
Nolton	Jan. 19
Wellman Engineering	Jan. 16
Western Board Mills	Jan. 19
Finals—	
Bakers Household Stores (Leeds)	Jan. 12
Countryside Properties	Jan. 19
Fluidrive Engineering	Jan. 19
Hallam Sleigh and Cheston	Jan. 23
Moran (Christopher)	Jan. 13
Scottish Western Investment	Feb. 13

† Amended.

Reardon Smith loss doubles to £5.8m.

EXCLUDING proceeds from the sale of ships, amounting to £2.99m., against £3.58m., the pre-tax loss at Reardon Smith Line more than doubled from £2.77m. to £5.81m. for the first half to September 30, 1977. Turnover slipped £1m. to £12.78m., interest payments leaped from £870,000 to £1,683,000, and depreciation and other charges from £4.28m. (£2.18m.).

The tramp shipping and tanker sectors of industry remain depressed, the directors say. The sale of the semi-submersible rig "Atlantic I" to Ben Line Steamers has now been completed and the company has entered into arrangements which will dramatically reduce the tanker losses to at least a near break-even position.

These transactions, together with other avenues being explored, will produce a much more stable structure for the company. The directors, therefore, consider that the future can be faced with greater confidence and the last quarter of the current year will produce substantially improved results.

For 1976-77 there was a pre-tax loss of £628,000 after proceeds from ship sales of £6.6m.

The loss per 50p share for the half-year is shown at 16p (earnings 5p) and there is no interim dividend. The Board says it will consider a payment when the full year results are available. Last year net payments totalled 1.625p.

Reardon also revealed yesterday that it had boosted its cash flow by more than £2m. following a purchase from Charterhouse Japhet, the merchant bank, the latter's North British and General Investment Trust subsidiary, which recently made a successful £14.7m. bid for Trust and Agency Company of Australia.

Trust and Agency, a financial company which was formerly part of the Lowson empire, held a substantial portfolio of investments. These securities have now been disposed of, the selling prices being related to those ruling on January 3.

The original intention had been that Charterhouse Japhet itself would sell off the underlying securities acquired with Trust and Agency to its investment clients and institutional purchasers. The altered arrangement by which North British—the vehicle through which Charterhouse had acquired Trust and Agency and its portfolio—went to Reardon, after which the securities were disposed of, appears to have been connected with the tax position of the shipping company. Reardon had available capital allowances through its investment in ships which could be offset against profits on the deal leading to the sale of the securities.

A spokesman for Charterhouse Japhet said yesterday that all the parties concerned had benefited from the transaction as it was carried out. Reardon paid cash for North British with the accompanying portfolio. North British was a company created by Charterhouse specially for the take-over of Trust and Agency.

See Lex

Redfearn expects fall in first six months

PRODUCTION at Redfearn National Glass in the first half of the current year will be reduced as a result of furnace reconstruction and this will adversely affect the half-year performance. Mid-way profit should, therefore, not be taken as representative of the profits for the whole year Mr. Stanley Race, the chairman, tells members.

The continued depression in Europe has had its effect on the glass container industry on the Continent where there is spare capacity and currently some containers are being imported into the U.K.

At home an increased level of consumer spending is likely and this will benefit the sales of many food, soft drinks and wine and spirit products for which the company makes glass containers.

Mr. Race says the directors remain convinced that the glass container has an excellent future as a packaging material and their concern will now be to realise the full benefit of the high levels of capital spending recently undertaken.

Of the outstanding bids for the company presently being investigated by the Monopolies Commission, he states that the directors are united in their view that an independent future for the group is best for members, customers and employees.

The commission has been asked to report to the Secretary of State for Prices and Consumer Protection by March 21. As known, there has been a partial offer from Rheem International for control, followed by a bid from Rockware and a proposed bid by United Glass.

A special debit of £80,274 appears in the accounts for 1976-1977, representing the defence costs against the Rheem bid.

As reported on December 7, taxable profit advanced from £3.06m. to £4.59m. on sales of £41.2m (£34.88m.) for the year to October 2, 1977 In the context of the Rheem offer the net total dividend is stepped up to 10.56p (3.946p) per 25p share.

At year-end working capital was down £436,000 (up £2.17m.) with bank and cash balances reduced to £6,287 (£1.1m.) and a bank overdraft, this time, of £288,608 (nil).

Outstanding contracts placed for capital spending amounted to about £3.35m. (£1.21m.) and a further £3.07m. (£1.95m) had been authorised but not contracted

Proprosals for the accounting treatment of deferred tax contained in ED 19 have been adopted. As a result the tax charge is minimal at £134,271 (£777,380).

Under the bottle bank scheme, aimed at raising the level of glass container re-cycling, the company has contracted to buy the output of the bottle bank skips located in the Barnsley area and preliminary results are encouraging.

ISSUE NEWS

Yearlings fall to 6¾%

The coupon rate on local authority yearling bonds issued this week has fallen by three-eighths of a point to 6¾ per cent. The bonds are issued at £99⅔ and due on January 17, 1979.

The issues are: Charnwood Borough Council (£½m.), Mid Sussex District Council (£½m.), North Tyneside Metropolitan Borough Council (£½m.), Barnsley Metropolitan Borough Council (£½m.), Bedfordshire County Council (£½m.), Borough of Bournemouth (£½m.), Forest Heath District Council (£½m.), Newport Borough Council (£½m.), London Borough of Southwark (£1m.), City of Liverpool (£1m.), City of Edinburgh District Council (£1½m.), North Cornwall District Council (£½m.), Tandridge District Council (£½m.), Hertfordshire County Council (£1m.), Surrey County Council (£1m.).

Three-year bonds issued at par and carrying a coupon of 9 per cent. repayable on January 7, 1981, have been issued by Hart District Council (£½m.), City of Chester (£½m.), and Cheshire County Council (£1½m.).

Tweeddale District Council has raised £½m. through an issue of 9¾ per cent. bonds due January 6, 1982, at par.

Variable bonds carrying interest equal to ¾ of a point above Libor have been issued by the following councils: Derby City Council (£½m.), due on January 7, 1981, at par, Surrey County Council (£1m.) due on January 6, 1982, at par and Central Regional Council (£½m.) due on January 5, 1983, at par.

LONG TAP

The prospectus is published to-night in connection with the new Tap stock.

The issue is of £800m. of 10½ per cent. Exchequer Stock 1995 at £95 per cent. The application list opens at 10 a.m. to-morrow. The stock is payable as to £30 on application with the balance due on February 27.

Interest will be payable half-yearly on January 21 and July 21. The first payment next July will be £4.46 per cent.

Applications for amounts up to £2,000 must be in multiples of £100, applications between £2,000 and £50,000 in multiples of £500 and applications in excess of £50,000 in multiples of £1,000.

KENNING—89%

Kenning Motor Group's recent rights issue has been taken up as to 88.7 per cent. The balance has been sold at a net premium and the proceeds amounting to 13.55p per share will be distributed to entitled holders except that no payment will be made for less than £1.

NEW LIFE BUSINESS

Growth in new business shows big slowdown

BY ERIC SHORT

LAST YEAR was not a particularly successful year for life companies in respect of new business. Figures issued yesterday by the three life company associations covering more than 95 per cent. of all business written, showed that new business growth slowed down significantly in 1977, after four successive years of dramatic rises. New annual premiums written by U.K.-life companies established in the U.K. rose by only 6 per cent. to £1.06bn. from £1bn. in 1976, compared with a rise of 31.7 per cent. in 1976 on new business written and an average of 24 per cent. over the last four years.

Pay restraint

Mr. Peter Sharman, chairman of the Life Offices' Association, stated that these new business figures were satisfactory for a year during which prices rose considerably faster than earnings, making it difficult for many people to take on new long-term savings commitments.

Nevertheless, life companies in general cannot regard a growth rate at less than the rate of inflation as satisfactory. For the companies to remain viable, new business growing at least at the same rate as inflation is needed in order to cover the companies' expenses of operation.

The results so far published from the major life companies show that group pensions business has remained dull during 1977 for reasons that were outside the control of the life companies. Pension improvements were not freed from pay policy restaints until August and many employers have deferred making changes in pension schemes or taken out new ones until April, 1978, when the Social Security Pensions Act 1975 comes into force. New annuities per annum, mainly group pensions, increased by only 2.5 per cent. in 1977 to £1.23bn. from £1.2bn.

But individual pension contracts for the self-employed and for executives have proved to be two buoyant sectors in 1977 for new business. Although no overall figures are available, individual company reports have shown growth of up to 50 per cent. in some cases. Many life companies put new or revised contracts on the market last year for both self-employed and executive schemes.

The prospects for 1978 on all pensions business, however, seem very bright as the 1975 Act begins to bite. All indications are that more employers than expected are going to contract out of the State scheme and provide pensions for employees through a company scheme. The driving force behind these decisions has in many companies come from the employees themselves.

The one bright spot in 1977's new business figures is the continued recovery in linked life bonds from the nadir reached in 1975. New single premium business last year rose by 28 per cent. to £545m. from £424m., most of this growth coming from linked bond business. However these figures are incomplete, but overall linked life single premiums in 1976 jumped by 72 per cent. on 1975.

Last year saw several traditional life companies enter the linked life business, among them Legal and General, Sun Life, Equity and Law and Sun Alliance. They have all reported successful results so far.

Above average

Industrial branch business, where the premiums are collected at frequent intervals by agents calling at the homes of policyholders, showed an above average growth last year despite the agents' four-month industrial action at Pearl Assurance, one of the leading home service companies. New annual premiums rose by 10 per cent. to £112m. from £102m.—compared with a rise of 18.6 per cent. in 1976. There was a tendency last year for persons which take out this type of life assurance to have higher disposable incomes.

New sums assured last year rose by 9 per cent. to £37.5bn. from £34.5bn.

CU new business down 7%

The Commercial Union Assurance Company, in contrast to the general trend of higher new business, recorded net new life assurance annual premiums in 1977 on its world-wide business down by 7.3 per cent. at £20.4m. from £22m., with single premiums lower at £3m. from £4m. But there were special circumstances which accounted for this drop. The group sold its Austrian subsidiary last year, so there is a fall in business on account of this transaction. And 60 per cent. of the group's life business is done overseas. The recovery in sterling meant that the value of overseas business in sterling terms was lower as a result. In volume terms the business last year was virtually unchanged. Net new sums assured were £1.9bn. against £2.23bn. in 1976.

In the U.K., the group had a slight rise of 3.4 per cent. in its ordinary individual life business with annual premiums at £3.99m. compared with £3.79m. But its group pensions business fell 15 per cent. with annual premiums £1.7m. against £2m.

Crusader jumps by 20%

The new business results for 1977 reported by Crusader Insurance Company, a member of the C. T. Bowring Group, show a complete contrast to the general picture of the life assurance industry. Overall new annual premiums, net of reassurances, jumped by 20 per cent. to £5.04m. from £4.2m. But much of this growth came from individual life business, a sector that other life companies found dull. New annual premiums on with profits and flexible endowments rose by ... per cent. to £1.23m. from ...m.

But an even bigger contrast was the 60 per cent. growth in single premiums to £7.3m. from £4.52m., since most of this increase came from ordinary annuity purchases. The company's annuity rates were very competitive last year, but other life companies even with competitive rates reported lower business in annuities in 1977.

Scottish Life boosts bonus

A substantial increase in bonus rates to record levels for the three years to December 31, 1977, is announced by The Scottish Life Assurance Company. For individual life contracts the new reversionary bonus rate is £4.60 per cent. per annum of the sum assured and attaching bonuses compared with £4 per cent. at the previous declaration. On self-employed pension policies, the increase is even larger, being £5.50 per cent. per annum compound against £4 per cent. The company does not pay a terminal bonus on this series.

On the old simple bonus policies (pre-1968 series) the rate on life contracts is £6.50 per cent. per annum of the sum assured and £7.50 per cent. per annum of the basic benefit for pension contracts. The previous rate in each case was £5 per cent. simple. Terminal bonuses for the triennium have been consolidated.

The company is also increasing the terminal bonus rate for this simple bonus series for claims in 1978 to £1.50 per cent. of the basic sum assured for each policy year. previously it was £0.75 per cent.

The company has declared these high bonus rates to reflect the increase in investment income arising from the high yields obtainable on fixed interest investment. The relative tax position between the life fund, which pays tax, and the pension fund, which is tax free, has meant a bigger increase for pension contracts vis-a-vis life policies.

Canada Life Assurance Group announces increased new business in the U.K. and Ireland in 1977. New ordinary annual premiums amounted to £2.60m. (£2.26m.) and new ordinary single premiums came to £2.33m. (£2.13m.). In addition new group premiums totalled £1.22m. (£0.82m.). New sums assured were £188m. (£161m), annuities purchased £3.56m. (£2.73m.), and permanent health benefits £1.67m. (£1.61m.).

Confidence at Brentnall Beard

THE CURRENT year has started well at Brentnall Beard (Holdings) and Mr. F. Brentnall Beard chairman, says he looks to the future with confidence.

He states that the company's rapid growth in recent years makes a period of consolidation necessary to avoid over-stretching management and financial resources.

The strength of sterling means that the company's overseas business will need to increase turnover to obtain the same profitability, he points out.

As reported on December 30, pre-tax profit for the year to September 30, 1977, expanded from £0.74m. to £1.01m.

Letraset ahead 18% halfway

ART PRODUCTS group Letraset International boosted profit before tax 18.3 per cent. from £2.87m. to £3.4m. in the six months to October 31, 1977.

Sales rose 13 per cent. to £15.2m. and directors say the increase would have been nearer 20 per cent. but for the improvement in the value of sterling.

They say that the underlying trend in the first half was one of continued steady growth, with sales volumes satisfactory in view of the sluggish performance of the world economies and margins maintained despite the pressures of inflation on U.K. costs.

The uncertainty surrounding the pace of world economic growth and the volatility of exchange rates must introduce a note of caution for the remainder of the year, directors say, but they see no reason to anticipate any marked change to the fundamentally firm tone of current trading.

After tax of £1.84m. (£1.59m.) and minorities, attributable earnings before extraordinary items come out at £1.56m. (£1.23m.). There is an extraordinary charge of £0.34m. (£0.21m. credit) arising mainly from the translation of opening overseas assets to October 31 rates.

Earnings per share are shown ahead from 5.84p to 7.3p and the interim dividend is stepped up from 0.816p net per 10p share to 0.897p. A final dividend of 2.01081p was paid on record profits of £6.52m. last year. Directors intend to take advantage of any relaxation of Government dividend policy to substantially increase the total payment this year.

See Lex

Record £1.25m. at Saatchi

ADVERTISING AGENCY Saatchi and Saatchi Company has more than matched its October 1977 forecast with pre-tax profit for the year to September 30, 1977, ahead from £0.98m. to a record £1.25m.

At the time of its re-organisation from Saatchi and Saatchi Compton to its present form directors predicted profits of at least £1.18m. and turnover in excess of £40m. Turnover for the year was £42.63m. compared with £35.22m.

Directors anticipate that 1977-78 will be another record year for the agency. They say they are looking forward to a year of continued expansion in the main agency business as well as the pursuit of the many good prospects for growth in and around the company's business.

After tax of £0.72m. (£0.53m.) attributable profit emerges at £0.55m. (£0.36m.), and a special 2.13p second interim will be paid taking the total to 4.13p (3.7p) per 10p share. Earnings per share improved from 12.8p to 15.1p.

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance. They lent a very large amount overnight, at Bank of England Minimum Lending Rate of 6½ per cent., to five or six discount houses, bought a large number of Treasury bills from the houses and banks, and also purchased a small amount of local authority bills.

The market was helped by net maturities of Treasury bills, and a slight fall in the note circulation. On the other hand banks brought forward large run-down balances, substantial revenue payments to the Exchequer exceeded Government disbursements, there was a further call on Treasury 10½ per cent. 1999, and the authorities held maturing local authority bills.

Discount houses paid around 6½ per cent. for secured call loans in the early part, and closing balances were taken at 6-6¼ per cent.

In the interbank market overnight loans opened at 6⅜-6½ per cent., and remained at 6⅜-6⅝ per cent. for most of the day, before falling to 4-5 per cent. at the close.

Rates in the table below are nominal in some cases.

Jan. 10 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4-6⅞	—	—	-	7	6⅛-6½	—	—	—
2 days notice	—	—	6¼-6⅜	—	—	7	—	—	—	—
7 days or 7 days notice	—	6½-6⅝	6⅜-6½	—	6⅝-6⅞	—	6⅜-6⅝	—	—	—
One month	6½-6⅜	6⅝-6¾	6⅝	7-6¾	6½-6¾	6⅞	6-6¼	5⅞-5⅞	6⅛	6½-6⅞
Two months	6⅝-6¼	6⅝-6⅝	—	6½-6	6⅝-6½	—	6-6⅛	5½	6⅛-6⅛	6½-6¾
Three months	6⅝-6	6⅛-6¼	6⅛	6½-6	6⅛-6½	6⅛	6	5⅞-5⅞	5⅞-6	6½-6¾
Six months	6⅛-6⅛	6¼-6⅝	6⅛-6⅜	6½-5⅞	6⅝-6⅝	—	—	—	6⅛-6	6½-6¾
Nine months	6⅝-6⅞	6⅝-6⅝	—	6¾-6½	6⅞	—	—	—		—
One year	6⅞-6⅜	6⅞-6⅞	6¾-6⅞	6⅞-6½	7⅛	—	—	—		—
Two years	—	—	7⅞-8	—		—	—	—		—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 8¾-9 per cent.; four years 9¼-9½ per cent.; five years 10-10¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 5[illegible]-6 per cent.; four-month trade bills 6¾-6½ per cent.

Approximate selling rate for one-month Treasury bills 5⅝ per cent.; two-months 5[illegible]-5[illegible] per cent.; and three-month 5[illegible] per cent. Approximate selling rate for one-month bank bills 6⅛-6[illegible] per cent.; two-month 6 per cent.; and three-month 5[illegible]-5[illegible] per cent. One-month trade bills 6¾-6½ per cent.; two-month 6⅝-6½ per cent.; and also three-month 6½-6¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 6½ per cent. from January 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8826 per cent.

MINING NEWS

Coins boost quarterly gold mine profits

BY KENNETH MARSTON, MINING EDITOR

THE EAGERLY awaited first batch of December quarterly reports from South Africa's now prosperous gold mining industry bears out the confident hopes of a strong advance in working profits.

As the accompanying table shows, the rise in profits has been even better than expected with the Consolidated Gold Fields group's medium gold grade producer, Doornfontein, reporting a surplus of more than double that in the September quarter and the high grade West and East Driefontein mines also achieving good advances in profits.

	Dec. qtr R000	Sept. qtr	June qtr
Doornfontein	[illegible]	[illegible]	[illegible]
East Driefontein	[illegible]	[illegible]	[illegible]
Kloof	[illegible]	[illegible]	[illegible]
Libanon	[illegible]	[illegible]	[illegible]
Venterspost	[illegible]	[illegible]	[illegible]
Vlakfontein	[illegible]	[illegible]	[illegible]
West Driefontein	[illegible]	[illegible]	[illegible]

* Less State aid. † [illegible] State aid.

On the latest occasion the usual simple calculation of gold production divided by revenue received suggests that the mines received far more for their gold in terms of dollars per ounce than the average price for bullion in the period of $160 per ounce. The mines appear to have received impossibly high prices, ranging to over $176 in the case of Kloof.

No explanation for this is given in the respective quarterly reports. But it would appear to partly that these mines obtained rather less in the previous quarter than the bullion price average for that period of $146, owing to the timing of sales. There has thus been some catching-up in this respect in the past three months.

In addition there has been the rather more important influence of booming Krugerrand gold coin sales in the past three months. During the September quarter part of mine production was in the "pipeline" awaiting the minting of these coins.

Payment received by the mines for this material includes the price premium of about 3 per cent that these coins command on their one-ounce gold content. Meanwhile the industry should still be enjoying good earnings in line with the rise in the bullion price which closed at $173¾ yesterday.

Krugerrand sales

From Johannesburg it is reported that sales of Krugerrands in December rose to 613,000 coins worldwide—the second highest level on record and just short of the 635,000 coins sold in November, 1974, when the special factor at work was stocking up by U.S. dealers ahead of gold ownership legalisation.

The December, 1977, result brought the total sold for the year to 3.3m. coins, some way short of the 4.8m. figure for 1975, which reflected the shortlived Krugerrand boom in the U.K.

Demand has been particularly strong during the second half of 1977, with Germany and the U.S. the principal markets.

Mr. Don Mackay-Coghill, manager of Intergold, the marketing arm of the Chamber of Mines, said yesterday that orders already placed in January exceeded 400,000 coins.

The monthly production capacity of Krugerrands is 600,000 coins, and this is unlikely to be increased because of the risk of starving the bullion market of bar gold.

If demand for Krugerrands continues for any length of time at more than capacity, a premium is likely to develop among dealers in the coins, which Intergold sells at 3 per cent. over intrinsic gold value.

Chamber sources indicated yesterday that the heavy demand for Krugerrands, associated with the recent strength of the gold price, suggested broadly-based buying pressure in the gold market.

In the past, they noted, this has been a favourable conjunction. By contrast, previous rises in the gold price not supported by increased Krugerrand demand have tended to be of short duration.

RTZ's Alaska moly hopes

THE POSSIBILITY of the Rio Tinto-Zinc group developing a large molybdenum deposit in the south east of Alaska came closer yesterday with an announcement giving the latest figures on the extent and grade of the mineralisation.

The deposit was found in 1976 by the RTZ group's U.S. arm, United States Borax and Chemical. But whether the deposit will be economically-viable depends on the company's ability to come to terms with the environmental pressures which have been building up.

The announcement stated that drilling, of which 43,000 feet have been completed, "indicates a potential orebody in excess of 230m. tons with grades ranging from 0.18 per cent. to 0.25 per cent. molybdenum." A portion of the ore-body, at surface level and containing more than 50m. tons, grades 0.25 per cent.

These calculations are not definitive, however. The statement added, "U.S. Borax believes that good potential for additional tonnage exists both laterally and at depth."

The scale of the measurements made so far suggests a deposit comparable in scale to that of Amax's Henderson mine in Colorado, the latest of the major molybdenum developments in North America, which recently came on stream after capital expenditure of about $500m (£260.8m.)

The Henderson deposit is some 300m. tons with a grade of 0.49 per cent. at a cut-off point of 0.2 per cent. While U.S. Borax's grade is lower than this, the deposit is near the surface and can be mined by open pit methods. Henderson is in the middle of a mountain.

Any U.S. Borax decision on mining is some way off. A complete evaluation of the property cannot be completed without ground access. The U.S. Forest service has granted U.S. Borax a permit for the construction of an access road, 11.3 miles in length. But environmental groups are seeking the withdrawal of the permit.

This situation thrusts U.S. Borax into the middle of a wider debate about the disposition of Alaskan lands. Broadly, the Administration in Washington adopts a very cautious attitude to Alaskan mineral development, while the Alaskan state authorities are anxious to speed exploitation.

Presenting proposals to Congress on Alaskan land use last September, Mr Cecil Andrus, the U.S. Secretary of the Interior, said, "We have an opportunity to learn from the past—to avoid making the rash mistakes we committed in our youth as a nation. Alaska is a rejuvenation for us as a country—a chance to preserve a major portion of our natural heritage."

On the other hand Senator Ted Stevens of Alaska has argued that Alaska has enough resources to avert a potential shortage in the late 1980s. "We have 16 out of the 18 minerals strategic to national security to justify commercial mining," he said.

The U.S. Borax deposit is, however, outside areas potentially designated by the Administration as national parks. Lying 45 miles east of Ketchikan, near the border with Canada, it is south east of the proposed Wrangell-St. Elias national park, the greater part of which the Administration would like to see as a wilderness.

Should the deposit ever be brought to production it will represent an important diversification in the evolution of RTZ as an international resources group. Applications for molybdenum are being extended and Amax has predicted a doubling of demand over the next 12 years.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS AND SPECIAL DEPOSITS

1—Banks

	Dec. 14, 1977 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	22,799	+545
Scottish clearing banks	2,497	+ 83
Northern Ireland banks	781	+ 25
Accepting houses	1,861	−122
Other	6,228	+ 73
Overseas banks		
American banks	3,840	+ 69
Japanese banks	237	+ 9
Other overseas banks	2,460	− 79
Consortium banks	138	+ 11
Total eligible liabilities*	40,841	+645
Reserve assets		
U.K. banks		
London clearing banks	3,067	+ 94
Scottish clearing banks	328	+ 6
Northern Ireland banks	105	− [illegible]
Accepting houses	330	− 31
Other	1,024	− [illegible]
Overseas banks		
American banks	633	− 20
Japanese banks	42	+ 5
Other overseas banks	432	− 48
Consortium banks	57	+ 2
Total reserve assets	6,060	− [illegible]
Constitution of total reserve assets		
Balances with Bank of England	426	+136
Money at call:		
Discount market	2,356	+209
Other	214	− 66
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	1,549	− 79
Other bills:		
Local authority	164	+ 32
Commercial	719	+ [illegible]
British Government stocks with one year or less to final maturity	433	−238
Other	—	[illegible]
Total reserve assets	6,060	− [illegible]
Ratios %		
U.K. banks		
London clearing banks	13.5	+ 0.1
Scottish clearing banks	13.1	− 0.3
Northern Ireland banks	13.6	− 1.5
Accepting houses	18.8	− 0.4
Other	16.4	− 0.4
Overseas banks		
American banks	16.3	− 0.9
Japanese banks	17.8	+ 1.9
Other overseas banks	18.4	− 1.9
Consortium banks	41.2	− 1.4
Combined ratio	14.8	− 0.2
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	379	+ 42
2—Finance houses		
Eligible liabilities	329	+ 31
Reserve assets	34.0	+ 2.0
Ratio (%)	10.3	− 0.2

Special deposits at December 14 were £1,177m. (up £15m.) [illegible] banks and £9m. (unchanged) for finance houses. * Interest-bear[ing] eligible liabilities were £26,805m. (up £322m.).

London Clearing Banks' balances

as at December 14, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m.	£m.	Change on month £m.	£m.
Sterling deposits:				
U.K. banking system	4,663		+151	
Other U.K. residents	25,407		+194	
Overseas residents	2,061		− 37	
Certificates of deposit	2,350		+ 44	
		34,542		+351
of which: Sight		14,249		+405
Time (inc. CD's)		20,293		− 54
Foreign currency deposits:				
U.K. banking system	3,566		− 96	
Other U.K. residents	923		+ 29	
Overseas residents	10,500		+133	
Certificates of deposit	1,108		− 3	
		16,097		+ 63
Total deposits		50,639		+414
Other liabilities*		8,283		+288
TOTAL LIABILITIES		58,922		+702
ASSETS				
Sterling				
Cash and balances with Bank of England		1,290		+283
Market loans:				
Discount market	1,656		− 21	
U.K. banks	5,589		+ 73	
Certificates of deposit	1,231		− 14	
Local authorities	1,132		+ 8	
Other	489		+ 25	
		10,096		+ 70

	Total outstanding £m.	£m.	Change on month £m.	£m.
Bills:				
Treasury bills	835		− 87	
Other bills	1,001		+ 32	
		1,836		− 54
Special deposits with Bank of England		775		+ [illegible]
Investments:				
British Government stocks	2,043		−128	
Other	1,093		+ 10	
		3,136		−118
Advances:				
U.K. private sector	16,833		+100	
U.K. public sector	136		+ 8	
Overseas residents	2,608		+ 75	
		19,577		+183
Other sterling assets*		5,324		+28[illegible]
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,100		−148	
Certificates of deposit	328		− 30	
Other	6,706		+216	
		10,733		+ 3[illegible]
Bills		61		− [illegible]
Advances:				
U.K. private sector	1,996		+ 56	
U.K. public sector	1,180		− 29	
Overseas residents	2,783		+ 65	
		5,959		+ [illegible]
Other foreign currency assets*		744		− [illegible]
TOTAL ASSETS		58,922		+70[illegible]
Acceptances		304		− [illegible]

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	Change on month £m.	BARCLAYS Outstanding £m.	Change on month £m.	LLOYDS Outstanding £m.	Change on month £m.	MIDLAND Outstanding £m.	Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	Change on month £m.	WILLIAMS & GLYNS Outstanding £m.	Change on month £m.
LIABILITIES												
Total deposits	50,639	+414	13,707	− 45	9,934	− 11	10,401	+120	14,923	+326	1,654	+ [illegible]
ASSETS												
Cash and balances with Bank of England	1,290	+283	336	+ 10	246	+ 77	339	+ 94	336	+ 98	23	+ [illegible]
Market loans:												
U.K. banks and discount market	10,344	− 96	2,516	− 60	2,789	−209	1,434	− 51	3,327	+230	281	− [illegible]
Other	9,886	+205	2,638	+ 15	2,434	+ 89	1,630	+ 61	2,859	+ 48	326	− [illegible]
Bills	1,887	− 68	332	− 21	205	− 38	736	+ 93	546	−126	69	+ [illegible]
Special deposits with Bank of England	775	+ 5	243	+ 2	109	− 1	172	+ 8	226	− 3	25	[illegible]
British Government stocks	2,043	−128	490	+ 6	494	+ 26	284	−184	616	+ 35	159	− [illegible]
Advances	25,536	+275	7,489	+ 29	3,841	+ 43	5,841	+122	7,485	+ 70	880	+ [illegible]

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding £m.	Change on month £m.	BARCLAYS Outstanding £m.	Change on month £m.	LLOYDS Outstanding £m.	Change on month £m.	MIDLAND Outstanding £m.	Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	Change on month £m.	WILLIAMS & GLYNS Outstanding £m.	Change on month £m.
Eligible liabilities	22,662	+543	7,002	+ 37	3,290	+175	5,573	+214	5,955	+ 93	842	+ [illegible]
Reserve assets	3,048	+ 96	899	− 31	460	+ 49	774	+ 42	803	+ 40	112	− [illegible]
Reserve ratio (%)	13.5	+ 0.2	12.8	− 0.6	14.0	+ 0.8	13.9	+ 0.2	13.5	+ 0.5	13.3	− [illegible]

مكتبة الأهل

BIDS AND DEALS

Assoc. Biscuit's French buy

Associated Biscuit Manufacturers has added to its interests in France—it bought a 70 per cent. interest in France Feuilletes with effect from January, 1976—with the £1.6m. acquisition of an 80 per cent. stake in Etablissements de Loisy et Gelet, a private chocolate and confectionery business.

The major part of the purchase price has been satisfied by the proceeds of the issue of 1,714,147 new ABM Ordinary shares, which will be placed by Kleinwort Benson, on behalf of ABM, with institutions and other investors. Brokers to the placing are W. Greenwell.

The balance of the consideration, which is related to the net profit of de Loisy for 1977, and acquisition costs, is estimated to be around £0.16m. and will be paid on completion of the accounts for that year.

The acquisition of de Loisy is a fairly small transaction for Associated Biscuit, which announced profits for the first 36 weeks of 1977 of £5.3m. before tax.

The latest deal follows the acquisition of Salerno-Megowen Biscuit Company of Chicago, announced at the end of last month, which is reckoned to have cost ABM around £5m.

KELLOCK NOW HAS 47% OF BELGRAVE

Further moves have just been announced in the complex merger of Belgrave Assets, Lothian Investment Trust and Kellock Holdings, all of which have directors in common. Following the successful takeover by Belgrave for Lothian which resulted in Kellock acquiring just over 40 per cent. of Belgrave's shares, Kellock has now purchased a further 3.7 per cent., taking its stake up to 46.9 per cent.

The shares have been acquired from Lothian at a price per share equal to the net asset value of Belgrave at December 31, to be determined by reference to the audited accounts which will be published shortly.

The deal is conditional upon shareholders' approval at the forthcoming general meeting of Belgrave. If that approval is not forthcoming, Kellock has undertaken to sell the shares back to Lothian (or its designate) at the price paid less costs.

Coral buys 4.7m. Pontin's shares

Coral Leisure, whose offer last week to take over the Pontin's holiday village and hotels group ended mounting speculation over a possible bid following a suspension in dealings, has bought 4,645,000 Pontin's shares through the market, or roughly 3.9 per cent. of the equity. In addition, Coral has received irrevocable undertakings from directors in respect of their own and family holdings to accept the Coral terms in respect of a further 5.3m. shares, or 4.4 per cent. It is expected that family trusts controlling 3.3m. shares (2.7 per cent.) will also be pledging their shares.

The Coral share price, which has been weak since the announcement of the bid, ended unchanged yesterday at 122p, placing a value on each Pontin's share, under the terms of the offer, of just under 48p. The Pontin's share price hardened ½p in the market to 42½p.

The terms of the Coral offer, which have met with considerable criticism in the City—on the grounds that it is a good deal for Pontin's, but expensive for Coral—have gained the support of stockbrokers Sandelson. A circular issued on January 9 argues that the deal is sound, on the basis that it will help Coral to build up profits outside gaming and betting, and that the price is reasonable.

Matthews Wrightson sells shipping stake

Matthews Wrightson, insurance brokers, announced yesterday that its 49 per cent. interest in the Surrey Shipping Company has been sold to the Counties Ship Management Company, part of the Kulukundis group of companies, for £582,000 with effect from December 21. Counties Ship Management previously owned the other 51 per cent. stake in Surrey Shipping.

The move marks another phase in Matthews Wrightson's departure from the capital intensive shipping activities. "We are now concentrating on what we do best—intermediary work," said chairman Mr. E. J. G. Henry. In its last financial year Matthews Wrightson had to consolidate a loss of £800,000 from its 49 per cent. stake in Surrey Shipping.

With Surrey Shipping goes one remaining vessel, the 26,500-ton bulk carrier "Iron Kestrel." The 000-ton bulk carrier Shackleford was sold last year for just over $8m.

What remains of Matthews Wrightson's interest in shipping is a subsidiary company which has three oil tankers on long-term charters. All three vessels have been sub-chartered to a consortium of shipowners in Bergen.

GOUGH COOPER BUYS 51% OF BCB

A 51 per cent. interest in BCB Pipe Freezing Services and BCB Heating has been purchased by Gough Cooper and Co.

Mr. Cyril W. Bishop, managing director of the BCB companies, has welcomed the purchase, stating that his companies' planned expansion would benefit from the backing of Gough Cooper.

BCB Pipe Freezing has developed a method of repairing or replacing sections of pipe up to 24 inches in diameter without the need to drain the complete system. Gough Cooper is a holding company with interests in housing, plant hire, builders' merchants and thermal insulation. Group turnover exceeds £15m.

SCHRADER ACQUIRES W. MIDLANDS DIECASTER

The directors of Schrader Pnematics, manufacturers of fluid power equipment, announced the acquisition, by their parent company Scovill, of the zinc and aluminium pressure and gravity diecaster, Zincast, of Willenhall near Wolverhampton.

Schrader, employ over 350 people at its Cannock factory and Zincast have a workforce in excess of 100. The need to establish a reliable source of supply of diecast components to meet rapidly increasing demand, at home and overseas, for Schrader products was a major factor in their purchase decision.

Zinc and aluminium castings are used extensively in Schrader's wide range of in-line components.

The good growth rate at both companies over recent years was commented on in a statement by the Cannock company's recently appointed managing director—Mr. T. C. Slocombe.

He said—"It is now our intention to expand Zincast's capacity not only to strengthen our supply position at Cannock, but also to provide a group source for overseas fluid power affiliate companies. Obviously this will mean more jobs in the Willenhall area where it is our intention to remain when the lease on Zincast's present premises expires in 1980."

The first indication of increased export business for Zincast comes in the visit of Mr. J. T. Gahagan who is the purchasing manager of the Schrader Fluid Power division based in North Carolina, U.S. He hopes to start placing orders on Zincast this month.

ASSOCIATES DEAL

L. Messel and Company has purchased 50,000 Ordinary shares in Leisure and General Holdings at 67½p on behalf of Town and County Factors, a wholly owned subsidiary of Ladbroke Group.

NEW LIFE BUSINESS
HEARTS OF OAK BENEFIT SOCIETY

For 1977 new annual premium income of £972,086 (£848,226), consisting principally of £636,080 (£456,078) in respect of conventional life business [illegible] of property-linked business. In addition, new single premium income of £57,720 (£62,670) was written.

INTL. FINANCIAL AND COMPANY NEWS

MEDIUM TERM LOANS

Softer terms for Latin America as economic confidence grows

BY FRANCIS GHILES

TWO OF THE largest borrowers in the Euromarkets are raising loans on terms which are markedly more soft than a few months ago. Mexicana del Cobre is arranging a $270m., eight-year loan on a split spread over the interbank rate of 1½ per cent. for the first five years, rising to 1⅞ per cent. for the remainder, and three years' grace, from a strong group of banks led by Citicorp. This loan carries a Nacional Financiera guarantee. Nacional Financiera, a Mexican State agency, has a 44 per cent. stake in the company, which is controlled by the privately-owned Larrea Group.

The last big loan for a Mexican borrower, the $1.2bn. one for the United States of Mexico, boasted a maturity of seven years and a spread of 1½ per cent. The management fee on the latest loan is unchanged, however, from what management fees for Mexico have been in recent months, that is 1 per cent.

The weight of liquidity in the market plus a greater degree of confidence in the country's economy have combined to enable this borrower to obtain softer terms. The fact that the proceeds are earmarked for a copper project with a discernible cash flow should help, as many banks say they prefer project to general finance. The national oil company, Pemex, is currently approaching banks with a view to raising $400m.-500m. Terms are expected to be finer than those of the current loans.

The other borrower to benefit from softer terms is Brazil. The Banco Nacional de Desenvolvimiento Economico (BNDE) is raising $250m. for 10 years on a spread of 2 per cent. throughout. There is a three-year grace period. BankAmerica International Group has a mandate for this loan which, particularly on account of the long maturity, shows that Brazil is, after waiting for quite some time, benefiting from the present borrowers' market.

A smaller loan for Brazil, which is being arranged for the City of Sao Paulo by Merrill Lynch, is in line with conditions which have prevailed in recent months for Brazilian borrowers carrying, as this one does, a sovereign guarantee: $30m. for eight years on a spread of 2¼ per cent. throughout.

Chile should be the next Latin American borrower to enjoy more favourable terms as a number of banks are now actively interested in acquiring Chilean paper, something which was not universally the case only six months ago.

Transnave of Ecuador is raising $29m. for seven years on a spread of 1⅞ per cent. from three banks: Allgemeine Bankgesellschaft, Rheinlandphaltz Bank and Libra. Such terms are in line with those on recent loans to this country.

Back in Europe, Spain continues as an active fund raiser. Recently signed is a $100[m.] seven-year loan carrying a 1 [per] cent. spread for Instituto [de] Credito Official. Co-lead ma[na]gers are European Bank[ing] Company and First Bost[on] (Europe). Hidroelectrica Iber[ica] Iberduero, meanwhile, is seek[ing] $100m. for seven years on [a] spread of 1¼ per cent. for [the] first four years rising to 1⅜ [per] cent. for the remainder from [a] group of banks led by Banco [de] Bilbao. The higher spread [is] explained by the fact the co[m]pany is a private one and [the] loan carries no official guarant[ee].

The Philippines is anot[her] borrower to achieve sof[ter] terms: 1 per cent. for sev[en] years on a $100m. loan for [the] Banco Central being arranged [by] Bankers Trust.

The terms on the $1.5[bn.] seven-year loan to the Domini[on] of Canada are understood [to] include a spread of ⅜ per ce[nt.] for the first three years, rising [to] ½ per cent. for the last three [on] the amount drawn.

Credit Suisse responds to Italian suit

By John Wicks

ZURICH, Jan. 10.

THE PUBLIC Prosecutor's department in Milan has officially informed Dr. Oswald Aeppli, chairman of Credit Suisse, that investigations are taking place in connection with a legal suit concerning the Italian foodstuffs company, Molini Certosa. As was reported in Italy on Monday, the former chairman of Molini Certosa, Sig. Ferdinando Bozzo, is instituting proceedings against Dr. Aeppli in his capacity as head of the Zurich bank, which now controls the company.

Credit Suisse stated this evening that it has immediately called on the responsible Italian authorities for the case to be suspended. In connection with the suit brought by Bozzo, the bank says it has provided the examining magistrate with the banking documentation asked for, since it "has nothing to hide."

At the same time, Credit Suisse says that it was obliged by the legal aid agreement with Italy to provide the magistrate with details of former transactions with Bozzo and of connected numbered accounts. Bozzo himself had also supplied information. There could therefore be no talk of a breach of banking secrecy.

Credit Suisse says it intends to continue to operate Molini Certosa and to secure work places.

Financing upsurge in Tokyo

BY JEFFREY BROWN

THE COMBINATION of lower domestic interest rates and official efforts to curb overseas borrowing by Japanese companies is having a dramatic effect on the levels of new convertible bonds issued on the Tokyo stock market.

Last year new convertible issues raised something like Y170bn. which is more than three times the figure (Y55.5bn.) for new funding in 1976. And the Japanese Underwriters Association—which produces these statistics — reckons that the upsurge in this category of new financing will continue through 1978.

Since the beginning of 1977, coupons on convertible loans have declined by three points to the 5 per cent. seen currently on the forthcoming issue of 10-year notes by Sekisui Chemical. At this coupon level, convertible funding on the Japanese home market is a full point cheaper than for similar types of debt on the international dollar market.

Helping to press home the economic realities of this situation to the Japanese finance director has been the Bank of Japan's informal curbs on overseas borrowing by companies. The strength in foreign exchange markets of the yen—it appreciated by more than a fifth against the dollar last year—left the Japanese authorities with little option but to keep under control the internal influences drawing foreign currency into Japan.

The growth of the To[kyo] market in convertibles is und[er]lined by the latest estimates [of] stock market trading volu[me]. These suggest that Janua[ry] dealing volume in converti[bles] is running something like [a] third ahead of December, w[hich] volume is probably twice [as] high as it was in January 19[77].

* * *

According to the Federati[on] of Bankers' Association, the o[ut]standing balance of lo[ans] among Japan's 13 city ba[nks] amounted to Yen.57,227bn. [at] the end of last year, a rise [of] 8½ per cent. This repres[ents] the smallest year-on-year [in]crease for more than 20 yea[rs]. The modest growth is mos[tly] attributed to sluggish corpor[ate] demand for bank loans.

Pressure on cargo rates

BY L. DANIEL

JERUSALEM, Jan. 10.

ZIM, ISRAEL Navigation Company will do everything in its power not to raise its cargo rates this year, its director, Mr. Y. Rotem, told the Minister of Commerce, Industry and Tourism, Mr. Y. Horwitz. Zim postponed raising its tariffs on January 1 so as to assist Israeli exporters.

Whether the company will be able to hold freight charges at last year's levels is doubtful, however, as the 1978 inflation rate is likely to reach 40 per cent. With food subsidies being phased down, and fuel and other charges due to go up during the year, the trade unions intend to ask for quarterly cost-of-living allowances instead of the present semi-annual ones.

The Israeli pound is likely to fall in value, which would increase Zim's local expenditure on foreign currency allocations to its crews. All this will exert pressure on the current freight rate structure.

Landis and Gy[r] rights issue

ZURICH, Jan. 10

LANDIS und Gyr AG plans [a] rights issue. Present capital Sw.Frs.121m.

Details of the issue [will be] announced in a shareho[lders'] letter towards the end of [the] week. The company's register[ed] shares were the most active traded issue on the Bou[rse] to-day, reports Reuter.

In Basle, an extraordina[ry] shareholders' meeting of Sw[iss] Bank Corp. has approved a [rise] in share capital by Sw.F[rs.] 134.8m. to Sw.Frs.1.48bn. and [in] Participation Certificates capi[tal] by Sw.Frs.23.4m. to Sw.F[rs.] 257.4m.

The increase in the sh[are] capital will be effected by issu[ing] 660,000 Bearer shares a[nd] 688,020 Registered shares, e[ach] with a par value of Sw.Frs.[...] in the ratio of one new share [for] every ten old shares, at a pr[ice] of Sw.Frs.160. The same con[di]tions in respect of par val[ue,] price and ratio of new stock [to] old will apply to the 234,000 n[ew] Participation Certificates.

All three categories of st[ock] will be open for subscript[ion] from January 23, with all n[ew] securities ranking for divide[nd] from January this year.

Singapore publisher's scrip and profits rise

By H. F. Lee

SINGAPORE, Jan. 10.

MAJOR Singapore publishing group, Times Publishing Berhad, and its sister company, Straits Times Press (1975) have announced scrip issues of two-for-five and one-for-two respectively. This followed announcements of improved earnings by both companies for the year ended August, 1977.

Pre-tax earnings at Times Publishing rose by almost 3 per cent. to S$19.3m. despite a 4.6 per cent. decline in turnover to S$116.3m. The improvement was due largely to the sharp increase in the group's investment income which rose from S$3.2m. to S$6m.

Israel Discount's unit trust to pay 27%

ALON, A UNIT trust operated by the investment company of Israel Discount Bank, has decided on a total cash dividend for 1977 of 27 per cent. net, of which 12 per cent. net has already been distributed, writes L. Daniel. The final payment of 15 per cent. will be made in mid-February. The dividend, or a sum double to that due, may be re-invested at a 2 per cent. discount in any of the Bank's trust funds.

Alon invests mainly in index-linked bonds. Its assets at end 1977 were equivalent to $52m., of which 77.3 per cent were invested in linked bonds and the balance in foreign currency (including dollar-linked bonds).

Peak sales overseas of Israeli bonds

SALES of Israeli Government bonds abroad (mainly in North America) in 1977 reached their highest annual level since 1973 (the year of the Yom Kipper war), reports our Tel Aviv correspondent.

Sales, all against cash, totalled $331m. The record was established despite the fact that the rate of interest is low, except for the institutional investors, which took up about 25 per cent. of the total placed last year.

Since State of Israel bonds were first launched, $3.85bn. worth have been sold, of which $1.7bn. have already been repaid.

HOLIDAY INNS

Widening the network

BY JOHN WICKS IN ZURICH

ALREADY THE world's biggest hotel chain, Holiday Inns is aiming for a substantial expansion of its network outside the U.S. during the next few years. By 1981 the Memphis company's international division plans to have some 280 hotels open or under construction, an increase of 70 per cent. over 1976. This means that some 20 new hotels will be added to the division's directory annually for the coming four years.

The ambitious programme comes after a number of wrinkles have been ironed out in the working of the 25-year-old group. The total number of Holiday Inns premises has been cut back from a peak of 1,742 to some 1,712, while the rooms aggregate has risen to 387,500. New policies and the removal of a certain amount of dead wood have strengthened the profit base in 1977.

In the U.S., Holiday Inns is to concentrate on consolidating its position, with something of a reshuffle occurring as certain of the franchises are not renewed after 20 years. The aim on the home market is to improve quality and move the image away from that of the motel, rather than building up quantity. Nevertheless, there will be a net expansion over the coming five years.

Expansion abroad will be geared to quick decisions, though there is a commitment to certain types of development and an annual budget within a five-year plan. This means that deals will not be picked up simply as they occur—something which tended to happen in the past. The intention, according to division president Eric Bernard—formerly chief executive of Grand Metropolitan Hotels—is to develop strong national chains, rather than to concentrate only on the capitals and biggest cities. Holiday Inns, says Bernard, is "prepared to get its feet wet" in financing and the offer of management knowhow, while anticipating a rise in the quality of franchisee; all but 400 of the worldwide chain, including U.S. hotels, are worked under franchise arrangements.

In the U.S., Holiday Inns, though growing, is concentrating on consolidation. Internationally it plans an ambitious expansion programme. By 1981, the Memphis company's international division plans to have some 280 hotels open or under construction, an increase of 70 per cent. over 1976. This means that about 20 hotels a year will be added to the international division's directory for the coming four years. These plans come after the ironing out of a number of wrinkles in the working of the 25-year-old group.

One country with the basis of a good national chain is the U.K. Including management contracts signed this year for properties in London ("Chelsea," Sloane Square) and Aberdeen, the U.K. network consists of 11 hotels. Four or five more would be welcome—a Bath franchise is on the horizon—and Mr. Bernard thinks the country could take up to about 20. In Britain, as in Germany, something like 85 per cent. of all guests are nationals, not American tourists. Catering and service have been restyled in European countries accordingly to meet local requirements.

Germany is another important development area for Holiday Inns, with 15 directly-owned, contract managed or franchised in operation there. This month an important new contract was signed with MAH GmbH, a joint venture of Holiday Inns and Hessische Landesbank, to manage three hotels, with a total of 661 rooms, currently under construction in Frankfurt, Dusseldorf and Garmisch-Partenkirchen, while a fourth management contract was concluded with the David Taic Organisation of Frankfurt for a 280-room property being built on the site of the former Carlton Hotel in the city. Site objectives for 1978 include Berlin and Hamburg, where the chain is not yet represented, though negotiations are current in the case of Berlin. Growth is fast in Germany, which in 1977 accounted for seven of the 11 new European Holiday Inn openings.

A particularly interesting development has been the entry of Holiday Inns into Eastern Europe. A 308-room "Hotel Orbis-Holiday Inn" in Cracow was the first of these and a franchise agreement has been signed for an operation in Yugoslavia, at Ljubljana. New projects include hotels at Belgrade Airport and in Poland, at Katowice and Warsaw. A gradual expansion is foreseen in the area and the internati[onal] division is working on possi[bili]ties in Prague and Budape[st]. Eastern European intere[sts] have caught enough of [the] Holiday Inns spirit for a H[olo]dex group booking system to [be] installed at Cracow and [...] Polish and Yugoslav hotel[iers] to have had courses at [the] group's "University" [in] Memphis.

By taking over existing [pro]perties and having new o[nes] built, Holiday Inns has bec[ome] Europe's second biggest h[otel] chain, after Trust Houses Fo[rte]. The 23 European hotels oper[ated] by Holiday Inns are in the pr[ofit] zone in 1977, with results be[tter] by over $5m. before the ye[ar] end and occupancy up 5.4 po[ints] to about 70 per cent. The franchisees for their part sho[w] record profits and occupancie[s].

Outside Europe, the chai[n is] spreading in a range of a[reas] from the Middle East to the [Far] East and Latin America. [The] Middle East has proved [a] particular draw for the gr[oup,] the latest openings having b[een] of a floating hotel-cum-exhibi[tion] centre in Sharjah and a b[each] hotel at Salalah in Oman.

A city centre hotel is to o[pen] probably next spring, in Am[man] (Holiday Inns is already runn[ing] a resort property in Jordan[ian] Aqaba). A management cont[ract] has been signed for a hote[l in] Teheran and up to six or more Holiday Inns are consid[ered] viable in Iran. A property [in] Bat Yam, for which a man[age]ment arrangement has also b[een] concluded, could be the firs[t of] four hotels in Israel. And o[ther] projects are under construc[tion] or planned in the Middle Eas[t:] Egypt, Bahrain, Jordan [and] possibly in Saudi Arabia and [the] United Arab Emirates.

مكتبة الأصل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

THE BOUSSAC EMPIRE

End of a long reign

BY DAVID CURRY IN PARIS

NE BY one the great autocrats f French industry are disppearing. Ferdinand Beghin ook his disgruntled farewell of is sugar empire last year, ierre Bataille lived long enough see Poclain's spectacular rise in into the sands of recession ut not long enough to see the ld family management get out the wake of the takeover by ase. Marcel Dassault, 86 in a w days' time, has seen a Conervative Government decide to ke a stake in his famous airaft company this year.

And the next long reign pproaching its end?—By almost mmon consent, that of Marcel oussac, who started in 1909 to uild up a textile empire which now one of the biggest in the untry and which, as he pproaches the 89th spring of s life, M. Boussac still effecvely controls.

For the sprawling, Balkanised npire of Marcel Boussac, with s 80-odd concerns affiliated to e master company Comptoir l'Industrie Textile de France, being kept alive only by politil necessity and the reluctance rbearance of creditors. Losses Frs.60m. on a turnover of rs.750m. in 1976 may well have doubled in 1977, while M. Boussac's personal fortune, his private assets and those of the healthier bits of the group, have been thrown into the battle to keep the wolves from the door.

Last October the Government stepped in to demand a new rescue plan from M. Boussac's nephew, M. Jean-Claude Boussac, after deferment of social security charges and interest on bonds had kept it going through the summer. The immediate problem was the imminence of the maturity on some Frs.115m. of debt.

The main agreement was that the State would purchase les Haras de Jardy, a 150-acre site in the west of Paris forbidden to development and owned by M. Boussac personally. Around Frs.80m. could eventually come from this sale unless M. Boussac can find a private purchaser ready to pay more.

This new income would not cover the outstanding debt, far less provide working capital to put towards the new investment programme desired by the Government.

Commentators doing mental arithmetic have calculated that the remainder of the cash needed to meet the most pressing of repayments could be raised by selling off M. Boussac's press interests, comprising the Right-wing morning Newspaper L'Aurore, and Paris-Turf, a racing publication reflecting M. Boussac's passion for horse-breeding and racing.

This suggestion drew a prompt and pungent reply from M. Boussac. Denying any intention of selling off his press interests, he laid the blame for his group's crisis firmly at the door of the Government.

"Despite the warnings about the errors in economic management issued for the past 30 years by L'Aurore, despite all my personal efforts to convince governments of the drama facing the French textile industry, despite the promises of M. Barre (the Prime Minister), despite reports on the circumstances in which uncontrolled imports of textiles were taking place, absolutely nothing has been done since the Common Market came into being 20 years ago to avoid what has to-day become a national tragedy."

At the Industry Ministry, officials would go part of the way with this analysis, accepting the dramatic impact of textile imports and the "misplaced liberalism" of Brussels trade policies.

But they would certainly add one or two aspects particular to the Boussac empire. The first is the reluctance of M. Boussac to relinquish personal control of the direction of affairs. Jean-Claude took over two years ago when the prfessional manager brought in to sort out the group's affairs, M. Claude-Alain Sarre, left in a puff of smoke saying that the family was refusing him the means to do his job.

In the second place, they would complain that M. Boussac himself has allowed his companies to "fall asleep" under his control and fail to make the investment necessary to modernise.

Marcel Boussac, a self-made man who lists himself in Who's Who as being a member of the Paris Association of Old Boys of the Chateauroux Grammar School — his only educational qualification, would doubtless disagree. But for many people, in both Government and outside, Marcel Boussac is one of the dinosaurs to which the ice-age of the depression has put paid.

UROBONDS

Another setback for dollar issues

BY MARY CAMPBELL

HE DOLLAR sector took anher big knock yesterday with ices of individual issues fallg by anything up to a point. ealing volume was heavy, but as said to be mainly profesonal.

The factors behind the fall ere the continuing reaction to e interest rate rises in the S. combined with the sharp lls in the U.S. bond market.

Although the falls yesterday ere so sharp, a few dealers ere beginning to talk about me stabilisation at the close business. The key question ing asked in the market was the extent to which the U.S. monetary authorities, in the apparent absence of domestic reasons for raising U.S. interest rates, will feel that they have to raise them in order to satisfy foreign critics of their policy towards the dollar.

With the dollar having shown some signs of recovery on the foreign exchange markets, optimists were arguing that perhaps rates need not go much higher at all.

The Eurodollar three month rate closed last night at 7⅝-⅞ per cent, up from 7½-7⅝ per cent on Monday and 7-7⅛ per cent a week ago.

The D-mark sector was also weaker for the second day running though the downward tendency was nothing by comparison with what has been happening in the dollar sector. The main factors in the D-mark sector seem to be the weight of new issues—to be augmented to-day by the DM500m. blockbuster for the World Bank—and the ever tightening of the pricing of new issues in this market.

The terms of the World Bank issue are not officially out until to-day but will include an indicated coupon of 5¾ per cent on a twelve year maturity (eight years' grace). The pricing will be indicated at 99 to put the indicated yield at 5.86 per cent. Deutsche is lead manager.

A Kuwaiti Dinar 5m. (about $18m.) offering has been launched for Panama. The final maturity is ten years but bondholders have an option to redeem in five years' time. The indicated coupon is 9 per cent.

BONDTRADE INDEX

	Yesterday	Monday
Medium	99.66	99.73
Long	93.65	93.79
Convertible	106.07	106.45

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
an Australia 8½pc 1989	97½	98
IEV 8pc 1987	95¼	96½
stralia 8½pc 199..	94	96¼
stralian M. & S. 8½pc '92	95½	96
rclays Bank 8½pc 1992	97½	98
water 9½pc 1982	97	97½
N. Railway 8½pc 1986	97½	98
edit National 8½pc 1986	97½	98½
nmark 8½pc 1984	99	99½
S 9pc 1993	98½	99½
S 8½pc 1987	96½	97½
S 8½pc 1992	95½	99¼
I 8½pc 1989	98	98½
cason 8½pc 1989	98	98½
so 8pc 1988 Nov	99½	100½
Lakes Paper 8½pc 1984	98	98½
mersley 8½pc 1992	100½	101½
dro-Quebec 9pc 1992	96½	97
8½pc 1987	97	97½

	Bid	Offer
ISE Canada 9½pc 1986	103½	103¾
Macmillan Bloedel 9pc 1992	98	98½
Massey Ferguson 9¼pc 1991	102½	103
Michelin 9¼pc 1988	101	101½
Midland Int. Fin 8¾pc 1992	97½	98½
National Coal Bd. 8pc 1987	94½	95½
Natnl. Westmnstr. 9pc 1986	100½	101
Newfoundland 9pc 1989	99½	100½
Norges Kom. Bk. 8½pc 1992	96½	97½
Norpipe 8½pc 1989	97	97½
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	99½	100
Prov. Quebec 9pc 1995	98	98½
Prov. Saskatch. 8½pc 1986	99½	100
Reed International 9pc 1987	94½	95
RHM 9pc 1992	95½	96
Selection Trust 8½pc 1989	92	92½
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94½

	Bid	Offer
Sweden (K'dom) 8½pc 1987	95½	96½
United Biscuits 9pc 1989	99	99½
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7½pc 1984	96	96½
Bell Canada 7½pc 1987	95½	96
Br. Columbia Hyd. 7½pc '85	94	94½
Can. Pac. 8½pc 1984	99	99½
Dow Chemical 8pc 1986	98½	99½
ECS 7½pc 1982	96½	97½
ECS 8½pc 1989	98	98½
EEC 7½pc 1982	96½	97
EEC 7½pc 1984	95½	96½
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1982	97	97½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8½pc '83	101½	102½
New Zealand 8½pc 1986	97½	98
Nordic Inv. Bank 7½pc 1984	95½	96½
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	96½	97½
Ontario Hydro 8pc 1987	95½	96½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc 1982	97	97½
Telmex 9½pc 1984	99½	99½
Tenneco 7½pc 1987 May	93½	94½
Volkswagen 7½pc 1987	94½	95
STERLING BONDS		
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	100½	101½
EIB 9½pc 1992	97½	98
Finance for Ind. 9½pc 1987	97½	98½
Fisons 10½pc 1987	99½	99½
Total Oil 9½pc 1984	97½	98½
DM BONDS		
Austria 6½pc 1985	106½	107
BFCE 7pc 1987	103½	104½
Denmark 6½pc 1985	104	104½
EIB 6½pc 1984	105½	106
Grand Met. 7pc 1984	100½	101½
Hydro-Quebec 6½pc 1987	100½	101½
ICI 6½pc 1987	103½	104½
Montreal 7pc 1987	102½	103
Norsea Gas 7pc 1989	104½	105½
Norsk Hydro 6½pc 1989	104½	105½
Norway 5½pc 1983	103½	104½
Shell 6½pc 1989	106	106½
Spain 6½pc 1984	100½	101½
Sweden 6½pc 1984	103½	105
World Bank 6½pc 1987	103	103½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16pc	99½	99½
BFCE 1984 7pc	97½	98½
BNP 1983 6½pc	99½	99½
CCF 1983 8pc	99½	99½

	Bid	Offer
CGMF 1984 6 15/16pc	98	98½
Creditanstalt 1984 7½pc	98½	99½
Credit Lyonnais 1982 6½pc	98½	99½
DG Bank 1982 7 13/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16pc	99½	99½
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	99½
Midland 1982 8pc	101½	102
Midland 1987 7 13/16pc	98½	99½
OKB 1983 6½pc	99½	99½
SNCF 1985 8 15/16pc	97½	98½
Stand. and Chrtrd. '84 6½pc	98½	99½
Wms. and Glyns 1984 7pc	99½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	79	81
Ashland 5pc 1988	90½	92½
Babcock & Wilcox 6½pc '97	94½	95½
Beatrice Foods 4½pc 1992	94	96
Beatrice Foods 4½pc 1992	102	104
Beecham 6½pc 1992	100½	101½
Borden 5pc 1992	99½	101½
Broadway Hale 4½pc 1987	73	75
Carnation 4pc 1987	77½	79½
Chevron 5pc 1988	117	119
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	84	86
Economic Labs. 4½pc 1987	77½	79½
Firestone 5pc 1988	80	82
Ford 5pc 1988	81	83
General Electric 4½pc 1987	79½	81½
Gillette 4½pc 1987	76½	78½
Gould 5pc 1987	103	105
Gulf and Western 5pc 1988	75½	77½
Harris 5pc 1992	120	122
Honeywell 6pc 1986	85	87
ICI 6½pc 1992	85½	87½
INA 6pc 1997	92½	94½
Inchcape 6½pc 1992	105	106½
ITT 4½pc 1987	75	77
Jusco 6pc 1992	104	105
Komatsu 7½pc 1990	99½	100½
J. Ray McDermott 4½pc '87	164	166
Matsushita 6½pc 1990	113	115
Mitsui 7½pc 1990	104½	105½
J. P. Morgan 4½pc 1987	94½	96½
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	114½	116½
J. C. Penney 4½pc 1987	75	77
Revlon 4½pc 1987	106½	108½
Reynolds Metals 5pc 1988	82½	84½
Sandvik 6½pc 1988	104	106
Sperry Rand 4½pc 1987	82½	84½
Squibb 4½pc 1987	76	78
Texaco 4½pc 1988	76½	78½
Toshiba 6½pc 1992	95½	97½
Union Carbide 4½pc 1982	89	91
Warner Lambert 4½pc 1987	79	81
Warner Lambert 4½pc 1988	73	75
Xerox 5pc 1988	76	78
Source: Kidder, Peabody Securities.		

AMERICAN NEWS

Sohio in Canadian venture

By Stewart Fleming

NEW YORK, Jan. 10.

STANDARD OIL OF OHIO, British Petroleum's associate in the U.S., is supporting the construction of a new oil pipeline in Canada by becoming a participant in the permit phase of the project.

The pipeline project calls for the construction of a West coast port and terminal facilities at Kitimat, British Columbia, in Canada, and the construction of 750 miles of new pipeline from Kitimat to Edmonton, Alberta. The cost of the project would be around $750m. if started next year.

Sohio is committed to participating in the project if permits are granted, but its share of the costs cannot be known yet. They would depend on the number of participants as well as other factors.

The line would be designed to distribute crude oil from Alaska: Currently Sohio is also pursuing applications for the development of a pipeline to distribute Alaskan crude from Southern California through to Midland, Texas. Sohio is the oil company with Alaskan crude reserves which is sharing a disproportionate burden of the surplus of Alaskan crude which is anticipated in California when the Alaskan pipeline moves to full capacity.

Sun Life faces pressure

BY ROBERT GIBBENS

MONTREAL, Jan. 10.

PRESSURE IS mounting for the Sun Life Assurance Company of Canada to reverse its decision to move its head office operations from Montreal to Toronto.

There was no immediate statement on the pressure from the company, but meetings are being held between Federal Finance Minister Jean Chretien and the Sun Life senior management. These will continue till the week's end.

Sun Life, Canada's largest domestically owned life insurance company with assets of $5bn. and worldwide insurance in force of $31bn., says head office operations must continue in English because of its worldwide business.

It claims that recent Quebec language legislation is so restrictive, that it cannot get Anglophone specialists and managers to transfer to its Montreal headquarters.

Thus the company said it is forced to move its headquarters operations to Toronto.

However, it is now clear that investment of Quebec premium income and administration of Hydro-Quebec pension plan contributions are additional issues at stake.

Mr. Chretien said that Sun Life's projected move had been discussed with Prime Minister Pierre Trudeau and the Cabinet. He was concerned that the move might precipitate an exodus of head offices from Montreal.

About 25 of the 128 members of the Canadian Life Insurance Association have company headquarters in Quebec. There are unconfirmed rumours that Standard Life Assurance Company plans to move its head office from Montreal.

In Montreal, Mr. Thomas Galt, Sun Life president, denied that the projected move would have a snowball effect, prompting other head offices to leave.

"They are quite capable of making up their own minds," he said.

The Quebec Government has been silent since Finance Minister Jacques Parizeau accused the company of "exploiting" Quebecers' savings, and taking out "$400m. in premium income" to be invested in other provinces.

However, there were signs of possible compromise on investment allocation formulae as the Canadian Life Insurance Association said it was willing to discuss with the Quebec Government changes it may propose.

Public sector unions in Quebec and also in Ontario have come out strongly against the Sun Life's proposed move. Vandals scrawled the words "Good riddance" on the wall of the Sun Life building on Dominion Square, Montreal, the headquarters of the 107-year-old company.

But generally the temper of comment was more restrained as the possibility of compromise emerged.

Federalists are worried that the move would be seized upon to justify the case of the Quebec separatists, and are highly critical of the company's timing before publication of head office regulations under the French language charter.

American Standard

AMERICAN STANDARD expects to report 1977 operating earnings of $87m. to $88.5m., or $5.50 to $5.60 a share, William A. Marquard, president and chief executive, told AP-Dow Jones. In 1976 the company earned $3.94 a share.

He said sales of the diversified manufacturer of building products construction and mining equipment, security systems and signalling, braking and control equipment for transportation systems increased in 1977 to about $1.8bn. from $1.65bn. in 1976.

The 1977 earnings estimate includes an exchange loss from the translation of foreign currencies of about 32 cents a share compared with an 8 cents a share exchange loss in 1976.

The company also expects an extraordinary gain of about 83 cents a share from tax loss carryforwards which is not included in the $5.50 to $5.60 a share estimate.

MELLON NATIONAL

Fourth Quarter	1976 $	1977 $
Net profits	18.7m.	18.2m.
Net per share	1.91	1.86
Year		
Net profits	70.0m.	64.1m.
Net per share	7.15	6.54

Axel Springer going well

By Jonathan Carr

BONN, Jan. 10.

THE AXEL SPRINGER Verlag, the big West German publishing group, had another buoyant year in 1977. Turnover was up by 15 per cent. (against 12 per cent. in 1976) to DM1.6bn.—meaning there has been a virtual doubling over the past ten years.

Advertising revenue, which now accounts for about 48 per cent. of turnover, rose especially strongly to DM780m. from DM657m. in 1976. Revenue from sales of Springer newspapers and magazines was up to DM760m. from DM671m., while the rest of turnover was accounted for by outside business contracts and book publication.

So far no profit figure has been given, though this is expected to effect the continuing recovery since the pressure on earnings in the recession year 1974.

Greek insurance safeguards

BY OUR ATHENS CORRESPONDENT

THE MINIMUM amount of share capital of Greek insurance companies and the guarantees of foreign insurance companies operating in Greece, as well as those of the London Lloyd's agents and brokers in Greece, is being compulsorily doubled on the basis of a draft bill tabled in parliament by Minister of Commerce George Panayotopoulos.

The new bill aims at safeguarding the interests of insured parties, as many insurance companies do not have sufficient capital to meet their commitments, the Minister has clarified. The bill also aims at encouraging the merger of smaller insurance companies.

According to the bill, no insurance company can be established in Greece with a share capital of less than Drs.10m. ($285,700). For insurance companies also covering car insurance the minimum share capital will be Drs.15m. ($428,500). For the branches of life insurance, ship and aircraft insurance the minimum will exceed Drs.30m. ($857,000).

Lloyd's agents and brokers in Greece must increase their guarantees to Drs.1m. ($28,570).

Insurance companies already operating in Greece are given three years to increase their share capital to the required minimum, once the law is passed. Those not conforming will have their licences revoked.

The Union of Insurance Companies has already said that the three-year time limit should be extended to five years and that the Drs.15m. minimum share capital for those covering car insurance should be revised to Drs.10m.

IP loss at 10 months

By Paul Betts

ROME, Jan. 10.

ITALIANA PETROLI, IP, the former Shell distribution and marketing network in Italy taken over by the Italian National Hydrocarbon Agency, ENI, has reported losses of L64bn. (£42m.) in the first ten months of last year. The company lost L34.6bn. in 1976.

ENI said to-day that the IP losses reflected the current difficulties of the oil distribution market in Italy, seriously hit by Government controlled prices, a sharp increase in costs, and a simultaneous fall in consumption.

The Agency, however, added that its distribution losses were offset by the profits of its research, exploration and oil exploitation operations grouped in its AGIP Mineraria subsidiary.

FINANCIAL TIMES REPORT

Wednesday, January 11 1978

PAPER MILL AT VARKAUS

Building for the future

Not far south of the Arctic Circle Europe's newest paper mill is now in production. Our Helsinki Correspondent, LANCE KEYWORTH, discusses this addition to Finland's leading forest products industry.

A general view of the plant

IN THE one and a quarter centuries of its existence the Ahlstrom concern has grown from a single wooden ship enterprise into one of the biggest industrial companies in Finland, with interests in the wood processing sector, engineering, glass and plastics. Its turnover in fiscal 1976/77 was Fmks.1.74bn. (approximately £233m. at the current exchange rate). A. Ahlstrom is still a family-owned company. Its shares are not traded publicly.

Innovation has figured prominently in the company's history, but perhaps pride of place goes to the recently completed Varkaus Paper Project (VaPa). This was the crowning achievement in the establishment of a fully integrated forest industry unit in the town of Varkaus, about 200 miles north-east of Helsinki. It is the largest and most diversified complex of the Ahlstrom concern. With costs rocketing, quality requirements rising, the demand for natural resources tending to outstrip the supply, and competition growing steadily fiercer, the watchwords of the forest industry to-day are integration, automation and rationalisation.

Ahlstrom published its long-term investment programme for the Varkaus forest industry in 1969. The five objectives set by the board were: raising the processing level of the products, rationalisation through automation, the fullest possible use of the wood raw material, a satisfactory solution to the environmental problem, and doubling of the turnover to maintain profitability. Between 1969 and 1975 the oldest paper machines, PM I and II, were modernised, a refiner groundwood plant, board mill and sawmill were built, a power plant was completed, the plywood factory was modernised and enlarged. Then the VaPa project was started, the biggest single investment ever made by the company. It is costed at about U.S.$100m.

In forest industry circles the "green line" of integration starts in the forest with the harvesting of the wood. The need for logical links between the various processing plants becomes apparent as soon as the wood is delivered to the mill. The first step is sorting the logs by species, quality and size, and debarking them. The bark is used as fuel in the thermal power plant. The logs then go through another sorting process. Using automatic data processing machines, the clean primary wood raw material is directed to where it can be used most profitably, straight logs for conversion into sawn goods, crooked and small-sized timber for pulping, etc.

Valuable

The sawmill and plywood mill yield industrial waste, secondary wood raw material that is more valuable if converted into chips and pulped, for instance, than if just burned. Finally, all the wood fibre, including sawdust, is used, emerging at the higher processing level as board, pulp or paper. This seems to be a relatively simple system to organise. In fact, when so many processing plants are involved and market factors tend to change—sawn goods may be more easy to sell one year than, say plywood—the routing of the raw material and the balance of the end product mix must be flexibly adjustable.

Varkaus has designed an automatic data processing programme for quick decision-making at this level. This is best explained with an example: assuming that the market for all products is good, but the supply of wood raw material is weak, which of the production units in the integrated complex should be favoured and which starved to produce the mix that is most profitable for the company. The data programmed model will supply the answer for linear optimation. Its solution is applicable in the slightly longer term, a year or so.

Since linear solutions are not always true to the real situation, Varkaus has a complementary system, a simulation model, that calculates the wood and energy consumption as a function of production. The simulation model announces what is actually going on. Again an example: for various reasons, pulp production must be cut for a while, so how will that affect the economic result of the production complex? The model can supply answers such as the reduced need of primary wood, electric power or fuel oil. These automated aids to fast decision making are applied throughout the integrated unit at Varkaus.

"We like to think," says Mr. Olavi Lehtikoski, a deputy vice-president of Ahlstrom Pulp and Paper Division and manager of Varkaus Forest Industry, "that ours is the most efficient forest industry integration system in Europe at least. But we have made no comparative studies, so perhaps we can settle for one of the most efficient." This seems to be borne out by the visitor's book: on average, hardly a week passed in 1977 without a group of visitors arriving in Varkaus from North America or Europe to study the innovations and technology of the complex.

He admits, however, to one missing link before the company can really claim to have achieved full integration. This, strangely enough, is at the forest end of the green line. Two materials from the forest are so far not fully used. One is pine wood and the other is green chips (chips made from branches and tops), which could be used as fuel. The reasons are that pine and green chips are not suitable for the present sulphite pulping process, and it takes some time to establish a market for fine sawn goods. The former problem will be solved when Varkaus converts to the sulphate process; and pine sawn goods production has already been started.

Newsprint

In 1977, Varkaus Paper and Pulp Industry added to its integrated system a thermomechanical pulping (TMP) plant, the biggest in the world when it went into production in March, the biggest newsprint machine (PM IV) in Europe and a waste water treatment plant which recovers from the process waters just about all the wood fibre that is recoverable. These three units formed the core of the VaPa project. The TMP process is a fairly old invention, but its practical exploitation is new. The pulp required for various paper grades must have certain quality charactistics. Chemical pulp improves some paper properties, groundwood pulp others. TMP comes between the two, allowing considerably more flexibility. One ordinary newsprint furnish mix at Varkaus today is 10-15 per cent. chemical pulp, 45 per cent. groundwood and the rest TMP.

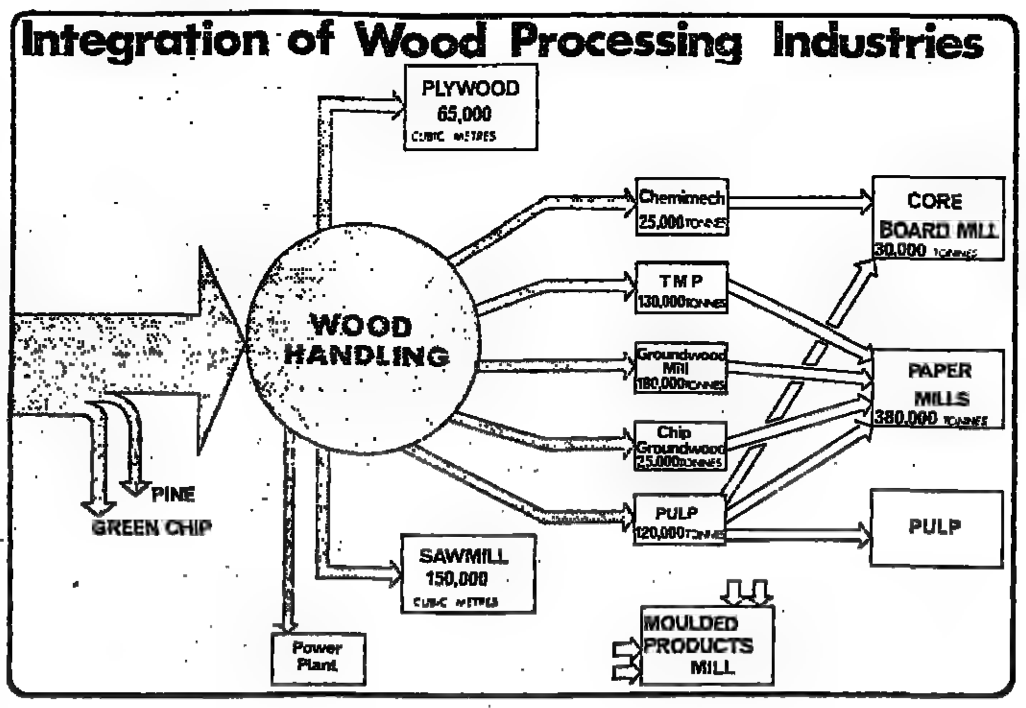
The Queen Mary of the VaPa project is PM IV—it even looks like a colossal ship drydocked in a spotlessly clean hall, which is so big that the few men required to run it ride about on scooters. The width of the web is 8,660 mm, the operating speed 750-1,100 metres per minute, and basic weight range 35-48.8 g per square metre. The annual production capacity is 120,000 tonnes, raising the total paper production capacity at Varkaus to about 350,000 tonnes. The machine was delivered by Valmet Oy and has several innovative features which ensure uniform quality and improve the runability and printability of the product. These include a hydraulic head box which generates good microturbulence in the pulp and the twin wire technology which gives the paper the same properties on both sides.

As the world demand for paper recovers and PM IV can be run at nearer capacity level (at present it is working at about 70 per cent. capacity), it will increasingly take over production of standard grades of M/F newsprint. The older machines will be used more for special lightweight and tinted grades. Varkaus is one of the main manufacturers in Europe that regularly supplies eight standard tints of groundwood paper. It also produces the lightest wood-containing quality in the world, 25 g/sq. m., marketed under the name Lightweight 25 and used for airmail editions of newspapers.

The VaPa project was completed on time and on budget, which is a mini-miracle in these days of heavy inflation and frequent labour disputes. It exemplifies the risks and costs of major investments in the forest industry. It was planned for the widely forecast upturn in the global consumption of mechanical and chemical wood-based products. Then the so-called oil crisis and subsequent worldwide depression wrecked all the forecasts. Production has had to be held at well below optimal levels. But Mr. Lehtokoski is not dismayed. "The turning point will come and when it does we are poised for the take-off. It's the long term view that ultimately counts in the forest industry."

PAPER MILL AT VARKAUS II

Pollution control a major element



.PPROXIMATELY 10 per cent. f territorial Finland is water: here are about 55,000 lakes and .800 km. of river. Given all is water, industrial pollution f the watercourses would seem) pose few if any difficulties. lowever, two factors have made ; into a problem which is being iven serious attention. First, ost of the population and inustry of Finland is concenated in the southern part of e country. Second, the abundnt waterways are sensitive to ollution, for they are relatively hallow and ice-covered in the inter.

The National Board of Waters as established in 1970 to come) grips with the problem. It repared a long-term water protection programme based on our principles: prevention of amage, elimination of the auses of pollution, reduction of aste water loading and treatment of waste water. For industry this mean investment costs otalling F.Mks.1.3bn. (at 1972 rices) in the ten-year period 974-1983; for the forest industry alone the sum was .Mks.850m. (about £88m. at e December, 1972 exchange ate). This was on top of the .Mks.400m. that the forest industry had already spent on ater pollution control in the ve years ending in 1974.

The principle in Finland is hat the polluter pays. Industry ust itself meet 23 per cent. f the total cost directly. For e rest, it will receive some ssistance through long-term ans raised at home and broad and granted for the reater part on subsidised iterest terms. Because of the inbal depression, this 1974 nancing plan has had to be aled down, and the ten year eriod will be extended by four r five years at least. Even then, ater protection is an extremely expensive addition to roductive investment costs. For e forest industry, which is the ggest industrial user of water nd the biggest polluter, pollution control accounts for an verage of 10 per cent. of total ivestment.

The Varkaus Paper and Pulp ndustry of A. Ahlstrom Oy, cated in the heart of the eautiful lake district in central inland, is a good example of w the water pollution control stem works in Finland and w expensive it is. When the w paper mill and TMP plant ere being planned, a comprensive environmental protecon system was made part of e project from the very eginning. To ensure that it ould be the best that modern chnology could provide, comany representatives visited ulp and paper mills in the U.S., anada, Sweden and Central urope. After thorough laboratory and pilot plant tests, the construction of the mechanical and biological waste water treatment plant was set in motion.

The first phase, the plant for mechanical treatment, was completed early in 1977, in time to handle the effluent from the new TMP mill and paper mill which went into production later in the year. When the second phase (biological treatment) is completed in a couple of months, the entire waste water treatment plant will occupy an area of 12 hectares (29.6 acres) along the lake shore a couple of kilometres from the mills.

Clarifier

The mill effluent is pumped through special sewers to the primary clarifier after removal of the course particles by bar screens and sand traps. Lime is added to the effluent to raise the pH to around 6. The primary clarifier is a huge basin 180 feet in diameter and 13 feet deep. The mill process waters are detained there for four hours to separate the suspended solids. The sludge that settles at the bottom of the clarifier is thickened and then de-watered in a bandpress. The dried sludge, which emerges rather like the web on a paper machine, is loaded into containers which are trucked away. The eventual disposal of the sludge will be decided after laboratory investigations have been completed. It has been used so far for land-filling. Other potential uses, such as burning, composting, etc., are under investigation.

When the second construction phase is completed, the water from the primary clarifier will be led into an aerated lagoon which covers an area of about 18.5 acres and has a volume capacity of 79m. gallons. Nutrients, nitrogen and/or phosphorus, can be added to the water if required before it enters the lagoon. During the 5-6 days that the water is held in the lagoon it is aerated by 26 floating, high-speed surface aerators with a total effect of 1,300 kW. From there it will continue to the secondary clarifier where the biosludge will be removed. The clean water can then be discharged into the lake from a new outlet point well away from the shore. The biosludge from the secondary clarifier will be mixed with that from the primary clarifier.

All the steps in the treatment of the process waters are remote-controlled and watched on TV screens in the control tower. Some data from the system are also fed back automatically to the computerised Management Information System in the mills. The number of employees required per shift when phase two has been completed will be one.

Mr. Pentti Moilanen, Manager for Environmental Protection of the Varkaus Paper and Pulp Industry, claims that the waste water treatment plant when completed will be one of the most efficient anywhere. When Varkaus switches from sulphite to sulphate pulp production, perhaps in 1983, the plant will at little extra investment cost be capable of meeting the stricter discharge limits.

It is the regional Water Court that sets the discharge limits for production plants within its jurisdiction. For the Varkaus Paper and Pulp Industry the daily maxima are: seven tonnes of suspended solids and 24 tonnes of organic substances in the waste waters. The latter is measured as the biological oxygen demand per week and is expressed as BOD_7. When Varkaus converts to sulphate pulp production, the latter maximum will be reduced to 11 tonnes. Put in another way, if the discharge of suspended solids, BOD_7, the specific water consumption and raw water consumption in 1975 are all denoted by the figure 100, in 1983 the predicted values will be 35, 24, 22 and 40 respectively.

The expansion project at Varkaus is costed at about $100m. The cost of the waste water treatment plant is estimated to be one-tenth of this. It might have been spread thinner by stretching it over a longer period, but the company decided that it would tie all the phases of the project together, including the prevention of water pollution. Mr. Moilanen says that industrial pollution, not only from the pulp and paper mills but also from other plants upstream, nad spoiled the waters. But now, salmon and muikku (a species of white-fish) have been seen again just by the mill. And Mr. Olavi Lehtikoski, manager responsible for the Varkaus Paper and Pulp Industry says: "My home is just a couple of hundred metres from the mill site and a few metres from the lake shore. My family bathes in the lake."

Fully computerised production

OOD AND even quality paper equires both high-class raw aterials and strict and continuous control of the production process. Until the early 960s, control of the papermaking process was largely dependent on the skill and experience of the manufacturers. hen came the computer era, nd Finnish paper companies an claim to be pioneers in this eld of automation. The first rocess computer in the Finnish aper industry was installed in 963. Now there is hardly a rge paper machine that is not ontrolled by computer, and the ame is true of pulp lines.

The Varkaus Paper and Pulp ndustry of A. Ahlstrom sakeyhtiö had a computerised ystem in operation at its mills y 1969. It has taken some 20 an-years to develop. When lans were made for a fully ntegrated forest industry unit t Varkaus they included a new nd greatly increased automatic ontrol system covering the new aper mill and thermo-mechanical pulp line as well as he existing production plants n the Varkaus complex. Drawng on the old system for both quipment and trained staff, the ew control system took "only" 15 man-years to finalise.

"We believe that our computer system is unique because t is integrated," says Mr. Olavi Lehtikoski, manager of Varkaus Paper and Pulp Industry. "It is a hierarchical system that operates on a real-time basis. Real-time working is not unusual in process control, but it is when applied to the whole production system." IBM and Measurex supplied the computers and Honeywell the instrumentation. Ahlström itself did practically all the total system software, that is, designed the whole hierarchical system. Sub-systems were bought from IBM and Measurex.

Put in somewhat simplified form, the Varkaus system handles different types of data input simultaneously at three levels: process control, production control and cost and profit analysis (management information system, MIS). Linked to this are the automatic laboratory (Autolab) instruments for quality control that must still be fed semi-manually, and, at the other extreme, direct line communication with Finnpap, the central sales organisation in Helsinki. Thus, the main pulp and paper properties are controlled from the start, each reel of paper is followed from the winder through the packaging line to storage, and client orders are received and invoiced automatically.

Five process computers feed information from the four paper machines and the TMP plant into the main process and quality control computer. Steam control is a major part of the pulp and paper production process and will serve as an example of how the system works. The machines monitor continuously the moisture content of the web at set points and, when necessary, order the steam inlet valves to increase or reduce their input. At the production control level the amount of steam used per machine, shift, etc., is automatically measured and recorded. The central brain, MIS, records all these data and reports automatically a profitability calculation, for instance the costs of steam consumption per ton of paper.

It is not yet possible to measure and regulate all paper properties automatically, for instance the colour of the tinted paper grades. Hence, the man at the machine takes a sample, sends it to the laboratory through the pneumatic tube system—just like the system that used to operate for bill payments in large department stores. A laboratory assistant feeds the sample into the right Autolab machine, which instantly reads off the tint values and sends them through the TV circuit to the man at the machine, who makes the necessary adjustment in the dye inflow.

Storage

The central storage of this constant and rapid flow of information is the management information service computer. The entire Varkaus forest industry can be controlled from this centre. In the other direction, its line to Finnpap, the Finnish Paper Mills' Association in Helsinki 200 miles away, which is the marketing organisation for most of the papermaking companies in Finland, is used for taking orders from a client in, say, the U.K. With the data stored in its memory, it makes a production plan, sends it to the PM IV via the production control computer, and the order is followed all the way through to the paper storage and reported back to MIS.

MIS informs Finnpap when the order is ready for shipment and gives it the invoicing and other specific details. Within the mill area, an operator calls the computer, receives on a terminal the full invoice, copies it and sends it to the client in the U.K. Nor is that the end of this fast-moving process, for Finnpap has direct line telephone *communication with Lamco*, the paper industry's sales representative in London.

Computer control systems are not cheap to develop or install, but their benefits are considerable in saving raw materials, labour and other costs. The Varkaus system gives accurate readings directly from the production line. It is fast. It eliminates the need for a reporting department. The state of a particular order, even a single reel of paper from one paper machine, is automatically fed to MIS, enabling it to trace faults, quality defects, etc. Computerisation has played a major role in achieving the targets set by the Ahlstrom Board when the Varkaus forest industry expansion plan was set in motion. The number of employees is about the same as it was in 1970. Virgin fibre consumption is back at the 1970 level in spite of the significant increase in production. Of course, not all these gains can be credited to automation. For instance, TMP is a higher-yield pulp, the trend towards lighter grades of paper has helped, and so on. But the continuous control of the production processes and quality and the instant availability of essential information to management have played a vital role.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Decline resumed after early rally

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 10.

A MODEST early rally on Wall Street to-day in response to bargain hunting failed to drum up much of a following, and stocks later resumed their decline as investors reacted nervously to additional signs of credit tightening by the Federal Reserve.

The Dow Jones Industrial Average, after recovering to 790.89, fell afresh to a new two-year closing low of 781.53, down 3.03 on the day and making a drop of virtually 30 points so far this year. The NYSE All Common Index finished 28 cents lower at $49.77, after an early improvement to $50.17, while declines finally outpaced rises by 1,031 to 429. Trading remained active, with turnover amounting to 25.18m. shares against 27.99m. yesterday.

The Central Bank entered the market to-day to drain bank reserves when the key Federal Funds rate was trading at 6⅞ per cent., and money market analysts commented that the Fed may want to push this rate even higher, possibly to 6¾ per cent.

The additional Federal Reserve credit restraining action comes on top of interest rate worries stirred by a new round of Prime Rate increases from 7¾ per cent. to 8 per cent. and the Fed's move last Friday to lift its discount rate a half-point to 6½ per cent.

Although designed to aid the sagging dollar, analysts said the Fed's action unsettled the stock market because of fears that it may hamper domestic economic growth.

American Medicorp, the volume leader, rose ½ to $22½ after the directors accepted Humana's tender offer. Earlier, TWA's Hilton International unit dropped its bid for Medicorp. Humana were unchanged at $14 and TWA eased ¼ to $9¼.

Budd, another take-over target and also active, advanced $1¼ to $24¼—the company said it knows of no new developments in previously reported acquisition talks with an unnamed company.

THE AMERICAN SE Market Value Index ended 0.98 weaker at 120.15 after trading volume of 2.58m. shares (2.88m.).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Medicorp.	629,500	22½	+½
Budd	290,000	24¼	+1¼
Gannett	279,700	35⅛	−1½
Black & Decker	256,000	14½	−⅛
IBM	212,400	267	−1¼
Amer. Tel. & Tel.	216,900	59⅜	−⅜
General Motors	194,700	58⅛	−⅜
Exxon	192,900	43½	−1½
Norton Simon	149,400	19	−⅛
British Petroleum	139,700	17⅛	−⅛

OTHER MARKETS

Canada irregular

Candian Stock Markets finished on an irregular note yesterday after a mid-morning recovery gave way to afternoon selling pressure. The Toronto Composite Index finished 0.4 better at 1,012.9, while Metals and Minerals regained 5.7 at 851.8 and Utilities put on 0.34 to 162.66. However, Golds receded 15.6 to 1377.3 and Banks 0.56 to 230.74.

PARIS—Stock prices were inclined to make further progress in lively trading, still responding to Prime Minister Raymond Barre's week-end speech on the governing majority's election package.

Foods had Carrefour 45 higher at Frs.1,280, while Peugeot advanced 8 to Frs.268 in Motors. Michelin "B" moved ahead 31 to Frs.1,131, BIC 16 to Frs.505, and Moulinex 9.9 to Frs.170.1.

BRUSSELS—Prices were lower for choice—after fairly active trading.

CBR Cement fell 16 to B.Frs.1,202 and Petrofina 40 to B.Frs.3,660, but Electrobel rose 40 to B.Frs.5,920.

U.K., German, Dutch and U.S. stocks fell, but French issues and Gold Mines were higher.

AMSTERDAM—Shares tended to ease afresh.

Hoogovens, in Dutch Internationals, lost Fls.0.80, but Royal Dutch, against the trend, added Fls.0.70.

Elsewhere, OCE Grinten shed Fls.1.30 and Ahold Fls.2.00, but KLM gained Fls.2.20.

State Loans weakened, recording losses extending to Fls.0.70.

GERMANY—Easier on balance following the fresh overnight Wall Street setback.

Siemens lost DM2.0 in Electricals while strong foreign selling left Hoechst down DM1.5 and Bayer DM1.0 lower in Chemicals.

However, Mannesmann and AEG gained 90 pfennigs apiece.

Public Authority Bonds lost up to 20 pfennigs. The Regulating Authorities made no net intervention after buying DM1.8m. nominal of paper on Monday. Mark Foreign Loans were slightly lower.

SWITZERLAND—Modest losses predominated.

Banks, however, were steady while, elsewhere, Landis and Gyr Registered and Participation Certificates rose on active demand on its planned capital increase. George Fischer, 15 up at Sw.Frs. 715, also resisted the downtrend, but Ciba Geigy were prominently easier at Sw.Frs.1,130, down 35.

Domestic and Foreign Bonds gained ground in light trading.

COPENHAGEN — Generally lower in moderate dealings, but Insurances firmed.

MILAN—Market presented a mixed appearance, with selective issues rallying in slightly more active trading.

Pirelli improved 16 to L1,899 and Snia Viscosa 7 to L975, but Italcementi were 7 cheaper at L9,460.

Bonds were irregular in a quieter business.

SPAIN—After last week's depressing performance, the market staged a rally with the General Index regaining 1.32 to 95.90. Banco Santander, 15 points firmer at 335, and Banco Popular, 10 better at 216, were particularly in demand, as were Vallehermoso, over-bid at 121, up 5.

HONG KONG—Slightly weaker in slow trading.

Hong Kong Bank and Jardine Matheson each eased 10 cents to SHK16.80 and SHK11.10 respectively, while Hutchison Whampoa shed 5 cents to SHK3.55, but Hong Kong Land picked up 5 cents against the trend to SHK6.40.

East Asia Navigation receded 5 cents to SHK2.95 ahead of the interim statement, due to-day.

TOKYO—Share prices came back on profit-taking and liquidations in leading issues following last week's rapid rise. The Nikkei-Dow Jones Average fell 26.24 to 4,968.49, with volume amounting to 240m. shares (230m.).

Export-orientated Electricals and Cameras retreated in the wake of Wall Street's further overnight fall, with TDK Electronics losing Y20 to Y1,370 and Canon Y10 to Y412.

Power Plant Equipment issues, however, firmed in anticipation of active capital outlay by power firms.

JOHANNESBURG — Golds improved in moderate trading following the higher London morning Gold price fixing.

Among Heavyweights, Gold Fields advanced R1.25 to R20.75. De Beers fell 18 cents to R5.87 after the CSO diamond sales figures.

AUSTRALIA—Both the Industrial and Mining sectors lost ground, although Gold Stock Central Norseman improved 20 cents to $A7.50 on the Bullion price rise.

Dealers said the decline was in reaction to recent gains and on concern over domestic interest rates and exchange rate policy.

Bank of NSW receded 6 cents to $A5.34, Pioneer Concrete 3 cents to $A1.45, and CSR 4 cents to $A2.93, while Minings had MIM, $A1.75, and CRA, $A2.22, each 6 cents down.

Indices

NEW YORK —DOW JONES

N.Y.S.E. ALL COMMON

Rises and Falls

	Jan. 10	Jan. 9	Jan. 6
Issues traded	1,882	1,901	1,884
Rises	429	270	547
Falls	1,031	1,309	854

MONTREAL

TORONTO

JOHANNESBURG

STANDARD AND POORS

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

AMSTERDAM

COPENHAGEN

VIENNA

TOKYO

BRUSSELS/LUXEMBOURG

SWITZERLAND

MILAN

AUSTRALIA

PARIS

STOCKHOLM

BRAZIL

OSLO

JOHANNESBURG

SPAIN

Gold higher

Gold continued to rise yesterday amid good general demand and a relative absence of sellers. Trading was described as only moderate, but the metal gained $2 to $172¾-173¼, the highest closing level since May 22, 1975.

The krugerrand's premium over its gold content was little changed at 3.34 per cent. for domestic and international delivery, from the previous common level of 3.38 per cent.

Trading was fairly quiet in the foreign exchange market, with most currencies remaining fairly steady. Sterling was quoted within a narrow range against the dollar, touching a best level of $1.9225-1.9235 in the morning, and a low point of $1.9160-1.9170 in the afternoon. The pound closed at $1.9180-1.9190, a rise of 10 points on the day. Its trade-weighted index against a basket of currencies, as calculated by the Bank of England, fell to 63.7 from 63.8.

The index stood at 63.7 at noon and 63.8 in early trading. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 4.47 per cent from 4.43 per cent.

The U.S. currency lost ground against most of the stronger European units. It finished at DM2.1280 against the D-mark, compared with DM2.1465 on Monday, and Sw.Fr.2.0085 in terms of the Swiss franc, compared with Sw.Fr.2.0175 previously. The Dutch guilder improved to Fls.2.2875 against the dollar from Fls.2.2945. The French franc and Japanese yen were fairly steady, but the Canadian dollar eased slightly, to 90.83½ U.S. cents from 91.06½.

CURRENCY RATES

	Special Drawing Rights January 10	European Unit of Account January 10
Sterling	0.629875	0.633428
U.S. dollar	1.20810	1.21484
Canadian $	1.33000	1.33714
Austria sch.	18.5655	18.6715
Belgian franc	40.0878	40.3114
Danish krone	7.06920	[illegible]
Deutschemark	2.58860	2.60226
Dutch guilder	[illegible]	2.78787
French franc	5.71794	[illegible]
Italian lira	1057.15	1062.97
Japanese yen	291.756	293.174
Norway krone	6.29722	6.32861
Spain peseta	97.7945	98.2725
Swedish krone	5.69378	5.72198
Swiss franc	2.43674	2.44905

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

FARMING AND RAW MATERIALS

No rubber cartel planned

By Our Own Correspondent

KUALA LUMPUR, Jan. 10.

[TH]E Association of Natural [Ru]bber Producing Countries was [no]t planning to be a producers' [ca]rtel by starting its price [sta]bilisation scheme, Datuk Taib [Ma]hmud, Malaysia's Primary [In]dustries Minister, claimed [he]re. Participation from con[sum]ing countries would be [we]lcomed, he explained.

[T]he Minister was formally [op]ening a three-day meeting of [the] International Rubber Council [att]ended by 150 officials from [Ma]laysia, Indonesia, Thailand, [Sin]gapore, Sri Lanka, India and [Pa]pua New Guinea. They [dis]cussed various aspects of the [pri]ce stabilisation scheme, [inc]luding the question whether [the] proposed 100,000 tonne [rub]ber stockpile should be [cen]trally located or distributed [am]ong member countries.

[T]he meeting felt that the price [sta]bilisation scheme should be [fle]xible to allow the programme [to] be incorporated in the Unctad [Co]mmon Fund for commodities [at] a later stage.

Malt exports may fall 20%

By Our Commodities Staff

[BR]ITISH exports of malt during [the] 1977-78 crop year seem likely [to] be 20 per cent. lower than in [the] previous two years, accord[ing] to the Home-Grown Cereals [Au]thority. Main exporters in the [fier]cely competitive world market [are] France, Australia and [Can]ada. The U.K. usually has [abou]t a 6 per cent. share of the [wor]ld market, writes Christopher [Par]kes.

[B]ut the picture is brighter for [the] home trade, where, in the [firs]t quarter of the crop year [Bri]tish maltsters and distillers [use]d 490,000 tonnes of barley, [com]pared with 430,000 tonnes in [the] same part of last season. [Som]e 88 per cent. of this total [was] grown in Britain.

[A]mong possible reasons for [the] increase in barley use is the [red]uction in prices this season. [Muc]h of the 1976 barley crop [was] affected by the drought and [ren]dered unfit for malting and [pric]es rose sharply.

[A]lthough it is still early in the [yea]r, the HGCA says U.K. malt [exp]orts tend to be spread evenly [thro]ughout the year, with slightly [high]er monthly totals in the [autu]mn, thus it is able to assess [with] some accuracy the prospects [for t]he year as a whole.

[I]n 1975-76, Britain exported [...]000 tonnes of malt, and sold [...]000 tonnes the next year. In [the] first four months of the new [seas]on exports totalled 39,000 [tonn]es.

U.K. wants legal action on Franco-Irish lamb pact

BY CHRISTOPHER PARKES

THE BRITISH Government has demanded that the Common Market Commission should break up a pact between the French and Irish Governments which allows Ireland to send lamb and live sheep free of import charges to France while U.K. exporters have to pay a levy of between £250 and £300 a tonne.

A memorandum sent to Brussels yesterday afternoon complained that the agreement discriminated unfairly against British traders and was therefore in breach of the free trade provisions of the Treaty of Rome. The consequences of this action will be severe discrimination against U.K. exports to France, the memo said.

The Government has complained under the provisions of Article 169 of the Treaty of Rome, and thus started a procedure which could end with France and Ireland facing charges in the European Court of Justice.

This is believed to be the first time that Britain has used the full weight of Community legislation in its arguments with the rest of the Nine. But trouble has been brewing in this particular sector for the past five years, and the Franco-Irish arrangement was settled only after threats from Dublin that legal action might be taken against France.

The British move, instigated by Mr. John Silkin, Minister of Agriculture, followed a trial shipment to France of lamb last week by a Devon export company. As Irish lamb was being allowed to land free of all charges the U.K. shipment was subjected to a levy. The exporters paid under protest, complained to the National Farmers' Union, and the NFU promptly turned the case over to the Ministry of Agriculture.

Mr. Paddy Lane, president of the Irish Farmers' Association, said he was disappointed that Mr. Silkin had taken legal action, and warned of possible reprisals from Dublin. For example, he said, the question of the legality of British Milk Marketing Boards would be raised at a meeting in Brussels to-day. He also regarded the British ban on imports of potatoes from EEC countries as "discriminatory."

Brisk trade

Since the French and Irish settled their differences, Ireland has been running a brisk trade in lamb, shipping about 1,400 carcasses a day. Irish farmers too, have benefited. Before Christmas they were earning 115p a kilo for best quality lamb. Now prices have been boosted by the higher rates prevailing in France and best lamb now fetches 175p a kilo at market. Average price in Britain is about 130p.

Commenting on the Government's move, Mr. David Parker, chairman of the National Farmers' Union livestock committee, said: "The Commission must act now to stop the French Government from discriminating against U.K. sheep-meat exports.

There was no immediate reaction from Brussels, but Mr. Finn Gundelach, Agriculture Commissioner, is expected to support the British case. He is also expected to try to settle the dispute without any further legal proceedings, and he may try to resolve other differences at the same time, notably the complaints about Britain's ban on potato imports.

Cases of this type seldom reach the Court of Justice. The proceedings are so lengthy that they are often overtaken by out of court settlements.

Since the Commission has promised to present new plans for a nine-country Common Market regime in sheepmeat before the end of March, it is possible that a compromise may emerge during the talks on that.

If the Commission agrees with the U.K. complaint, it will ask France and Ireland to justify their deal. The two countries can be given up to three months to prepare their response. Many more months may elapse before there is any activity at the level of the European Court.

Poles need heavy grain imports

BY OUR OWN CORRESPONDENT

WARSAW, Jan. 10.

MR. PIOTR JAROSZEWICZ, the Polish Premier, said to-day that the country's grain and feed imports for this year and last will be 15m. tonnes.

This import, which "comes mainly from the capitalist countries," will cost $2bn. the Premier said in a speech at the two-day Second Party Conference which ends to-day.

The imports are needed to counteract the effects of last year's grain harvest which is estimated to have been 3m. tonnes down on targets, and to rebuild Poland's livestock herd.

Meat production in 1977 was 250,000 tonnes down on 1975. This year's meat supplies to the consumer—a contentious issue in view of widespread meat shortages—will be 2.2 per cent. up on 1977, which, according to the Premier, will "not be much of a tangible improvement."

Indian grain stocks curb

BY K. K. SHARMA

NEW DELHI, Jan. 10.

THE INDIAN Government has decided to limit its foodgrain stocks to 12m. tonnes since it feels this is adequate as a buffer against shortages and rising prices.

Stocks have again risen to the 20m. tonnes mark and are expected to rise further when the expected record Rabi (winter) wheat crop is harvested. Ways to run down the stocks will therefore have to be worked out.

Exports are not at present being considered on any significant scale mainly because of the psychological effect this would have and the criticism the Government will face for allowing exports of what are considered basic needs.

During President Carter's recent visit, the idea of building up global reserves was discussed and it is possible that India's stocks will be considered as intended to cater for other countries in the region.

Reuter reports from Houston that U.S. wheat exports in the 1977-78 crop year were predicted to exceed the previous record of 1.22bn. bushels set in the 1974 season. Mr. Michael Hall, president of Great Plains Wheat Inc., made the forecast.

Looking ahead to the first half of 1978-79, he said the outlook for U.S. wheat exports appears extremely favourable partly because the Australian crop will fall below an estimated 9.0m. tonnes and the Argentine crop will be less than 5.5m. tonnes.

Gold rise boosts platinum

By John Edwards, Commodities Editor

THE STERLING price of platinum on the London free market yesterday surged to the highest level since February 1974 gaining £1.70 to £101.85 a troy ounce. The U.S. dollar price was raised by $3.25 to $195.50 and is now very close to the $200 target predicted earlier by London dealers. Indeed, platinum is already trading at over $200 on the futures market in New York for April delivery.

Yesterday's rise was attributed mainly to the increase in gold, with one dealer pointing out that platinum appeared to be keeping a $20 premium over gold.

It was thought especially significant that platinum values have continued to go ahead despite the steadier tone of the dollar that brought a lot of extra speculative buying interest.

Consumer demand for platinum is reported to be only reasonably steady, but lack of offerings by the Soviet Union has aggravated a tightening of supplies and this is fuelling the upward price trend.

Free market dealers are confident that the South African producers will shortly take the opportunity to raise their official producer price again from $180, possibly to $200 an ounce. They were, after all, charging $190 as far back as 1974 since when production costs have soared and the value of the dollar has fallen.

Silver prices also rose following the trend in gold. The bullion market spot quotation was raised by 5p to 258.9p an ounce at the morning fixing, and made further gains in the afternoon to close at 259.5p.

Community to export stocks of olive oil

BRUSSELS, Jan. 10.

THE EEC will hold its first export tender for olive oil for several years on January 24 when 2,500 tonnes from Italian intervention stocks are sold, EEC officials said to-day.

The Commission has decided to export the oil from the 1975-76 crop year before its acid content rises too much.

Sales of older oil within the Community would compete with fresh oil from the current season, which started last November.

No export rebates will be granted as prices accepted will take into account the difference between the world and EEC prices.

Reuter

EEC FISHING

'Armada' threat to common policy

BY RICHARD MOONEY

A NEW "Spanish Armada" could threaten the survival of the European fishing industry if the EEC as a whole does not alter its thinking on fisheries management. This warning was issued in London yesterday by Mr. Charles Meek, chairman of the U.K. White Fish Authority.

If Spain and Portugal join the Common Market, the Community's fishing fleet will be nearly doubled and under the present common resource approach to EEC fishing this could spell disaster, Mr. Meek claimed. "Has Brussels in reality understood the colossal impact this would have on the Community and on a common policy based on common access?" he asked.

The prospective entry of Spain into the EEC provides "the strongest possible argument" for amendment of the common fisheries policy, the White Fish chairman declared. "The Spanish fleet is very large, very powerful and is still expanding." Between them Spain and Portugal would add 710,000 gross tons of fishing vessels (of over 100 tons each) to the Nine's current total of 949,000 tons.

This threat lends extra weight to the British claim for control over fishing in its own waters, Mr. Meek said. The common resource approach adopted by the rest of the EEC members (with the exception of Ireland) is a bad dogma and has been recognised as such by countries all over the world which have welcomed the switch to 200-mile limits, he added.

Mr. Meek was speaking at a Press conference to announce the publication of *Fisheries of the European Community** in which attitudes to EEC fishing are put by contributors from six member countries.

But the fish authority chairman was not above attacking the arguments put forward by several of his contributors. He disagreed altogether, for example, with Mr. Eamonn Gallagher, EEC director general for fisheries, who, in the preface, attacks the conception of national sovereignty in European fishing. Mr. Meek insisted that some form of proprietorial standing was essential to the effective conservation of fish resources.

He also objected to Mr. Gallagher's statement that EEC countries should "show solidarity in sharing the burden of the changes brought about by the generalisation of 200-mile fishery limits." He argued that the extension of limits should be seen as increasing opportunities rather than imposing burdens.

Another contributor to come in for criticism was M. Jean Regnier, editor of *France Peche*, who asks why the British should want to exclude his (French) countrymen from waters they have habitually fished. Mr. Meek said the British were seeking control of their waters not exclusive fishing. "It is national control which alone in my judgment would enable us to ensure the recovery of the stocks." He said a licensing system for fishing vessels was essential to effective fishery management.

Mr. Charles Meek

This view is expressed in the report by David Steel and Neil Buchanan of the WFA's fishery economics unit, the only contributors to find favour with Mr. Meek.

The WFA writers say British fishermen are disenchanted with the quota approach to fisheries management and want the U.K. to control and to impose direct effort limitation on fishing within a 50 mile band round its coasts. They also stress the great regional importance of the fishing industry in Britain.

An article by Mr. J. Moller Christensen, director of the Danish Institute for Fishery and Marine Research, defends the practice of industrial fishing (catching fish for reduction to fishmeal). Mr. Christensen argues that it would be wasteful to stop industrial fishing and also suggests that industrial fishing for one stock can actually help to increase another stock. "It must be more than a coincidence that together with the depletion of pelagic fish (mainly herring and mackerel) in the North Sea an unprecedented increase took place in gadoid stocks like cod whiting and especially haddock."

Mr. Christensen also points out that some of the energy loss involved in converting fish into meat of other animals (through fishmeal) would still take place in the natural situation as the small fish are eaten by larger, human consumption, fish.

* *Fisheries of the European Community*, price £3, published by the White Fish Authority, Fishery Economics Research Unit, Sea Fisheries House, 10 Young Street, Edinburgh, EH2 4JQ, Scotland.

U.K. mackerel catch outstrips cod

BY OUR COMMODITIES STAFF

MACKEREL OVERTOOK cod last year as the British fishing industry's major catch. Provisional figures released by the White Fish Authority (WFA) yesterday show that total U.K. mackerel landings rose from 87,000 tonnes in 1976 to 170,000 tonnes in 1977. At the same time cod landings fell from 212,000 tonnes to 146,000.

But the cod catch remained the most valuable at £76m. Mackerel landings were worth only £12m.

Mr. Charles Meek, the WFA chairman, said it was "typical of this paradoxical industry" that despite the "calamities" affecting the fishing industries on the Humber, in Fleetwood and elsewhere the industry as a whole enjoyed a high degree of prosperity last year. The total catch was only 3.5 per cent. down at 900,000 tonnes and the value was up from £209m. to £251m.

Our Aberdeen Correspondent writes: The U.K. Government will be urged to have no agreement with the Faroese over reciprocal fishing rights if there is an unsatisfactory result to present talks between the EEC.

[CO]MMODITY MARKET REPORTS AND PRICES

[B]ASE METALS

[...] Comex opening with a rise to £685. [The] market then slipped to £683.5 but [reco]vered to close on the Kerb at £686.25. [Turno]ver 15,480 tonnes.

[A]malgamated Metal Trading reported [that] in the morning cash wirebars traded [at £6]70, 69.5; three months £685, 84.5, 85.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	669.5-70	+.5	670-.5	—.5
3 months	683.5-4	+.5	684.5-5	—.5
Settlem'nt	670	+.5	—	......
Cathodes				
Cash	658.5-9	+.5	658.5-9.5	—1.25
3 months	672.5-5	+.5	675-.5	—1
Settlem'nt	659	+.5	—	......
U.S. Smlt.	—	......	60-62.5	......

TIN—Firmer after a quite active day. The East was higher overnight and forward metal opened in London at £6,380 and rose to £6,400 pre-market. Hedge selling, profit-taking and bear covering against physical sales were evident in the rings and the price moved to £6,355.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6420-30	+120	6430-40	+87.5
3 months	6370-5	+78	6390-400	+50
Settlem't	6430	+120	—	......
Standard				
Cash	6405-15	+105	6430-40	+87.5
3 months	6360-5	+75	6380-5	+47.5
Settlem't	6415	+105	—	......
Straits E.	$1710	+20	—	......
New York	—	......	*571.50	+4

Index Limited 01-351 3466. Three month Gold 175.25-177.25

1. Tax-free trading on commodity futures
2. The commodity futures market for the smaller investor

[C]OMPANY NOTICES

INTERNATIONAL DEPOSITARY RECEIPTS (IDR) [...] BRASCAN LIMITED [illegible]

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED [illegible]

PERSONAL

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

VEGETABLE OILS

[illegible]

LONDON PALM OIL—Close: Jan., Feb., March 270.00-280.00, April, May, June, July, August, Sept. 260.00-270.00. Sales, nil.

*

COTTON—Liverpool: Spot and shipment sales amounted to 584 tonnes bringing the total for the week to 1,456 tonnes, reports F. W. Tattersalls. Renewed interest was shown in a wide variety of American-type qualities. Middle Eastern types attracted further attention as did African and Far Eastern growths.

U.S. POTATO OUTPUT TO RISE

WASHINGTON, Jan. 10.

In its first forecast of winter potato production the U.S. Agriculture Department predicted a 2.9m. cwt. crop—8 per cent. above the 1977 production.

But the department said that spring potato planting intentions for 1978 are estimated at 86,000 acres, 7 per cent. below the 92,800 acres planted during 1977.

The department forecast orange production at 221.4m. boxes. This is slightly above the December 1 forecast but 9 per cent., or 22.8m. boxes, below last year's crop. The orange juice yield is projected at 1.28 gallons per box above the 1.07 gallons per box yield last year.

AP-DJ

PRICE CHANGES

[illegible]

FINANCIAL TIMES / REUTER'S / DOW JONES / MOODY'S

[illegible]

GRIMSBY FISH [illegible]

U.S. Markets

Metals and coffee up: wheat firm

NEW YORK, Jan. 10.

PRECIOUS METALS and copper finished under pressure as Chicago selling attracted local liquidation and touched Commission-house stop-loss selling. Coffee ended slightly higher on roaster interest. Sugar closed a little higher on light Commission-house buying. Soyabeans were strong on nearby meal demand, local short-covering and stop-loss buying, Bache reports.

Cocoa—March 142.00 (142.30), May 132.00 (same), July 127.10, Sept. 124.05, Dec. 120.35, March 117.55, May 116.00 settlements. Sales: 1,026.

Coffee—"C" Contract: March 200.00-206.01 (197.71), May 188.50 (187.10), July 180.50, Sept. 178.00, Dec. 164.23, March 157.00-130.00, May 153.00 asked. Sales: 721 lots.

Copper—Jan. 58.90 (59.70), Feb. 59.20 (60.00), March 59.60, May 60.60, July 61.60, Sept. 62.50, Dec. 63.50, Jan. 64.30, March 65.20, May 66.15, July 67.00, Sept. 67.80 settlements. Sales: 3,000 lots.

Cotton—No. 2: March 54.63-54.75 (53.63), May 55.90-55.95 (54.70), July 56.80-57.00, Oct. 58.00-58.15, Dec. 58.50-58.60, March 59.00-59.40, May 59.40-59.90. Sales: 325,000 bales.

*Gold—Jan. 171.90 (172.40), Feb. 172.50 (173.30), March 174.00, April 175.20, June 177.70, Aug. 180.20, Oct. 182.70, Dec. 185.20, Feb. 187.80, April 190.40, June 193.00, Aug. 195.70, Oct. 198.40 settlements. Sales: 11,000 lots.

†Lard—Chicago loose 19.50 (19.00). New York prime steam 21.00 traded (20.50).

[illegible]

STOCK EXCHANGE REPORT

Consumer shares weak on High Street price war fears

Food Retailers down sharply—Share index falls 7.2 to 484.5

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets were featured yesterday by a broad list of falls, some of them quite substantial, in Food and other retailers following Sainsbury's wide-ranging price cuts in the supermarket price-war.

British Funds were also markedly weaker, nervousness ahead of the latest banking statistics leaving falls to a full point in long-dated stocks which were easing further in the late trade. The Government Securities index had its biggest fall for over six weeks at 77.29, down 0.60. Short-dated stocks were also sharply easier, partly on second thoughts about the possibility of another early cut in Minimum Lending Rate in view of the rising short-term money rates in North America.

Leading equity shares came more fully under the influence of the obscure outlook for the U.S. economy as reflected in the recent weakness on Wall Street. There was a continued reluctance on the part of buyers, signs of a rally after an opening mark-down of prices were short-lived and the FT 30-share index, close to breaking above 500 only last Friday, fell 7.2 for a two-day loss of 12.8 at 484.5.

Falls in FT-quoted Industrials outnumbered rises by 5-to-1 and the FT-Actuaries three main indices all gave up about 1½ per cent, with the All-share at 213.43. The Food Retailing index lost a substantial 6½ per cent. at 207.58, while fears that price competition will spread to other retailing areas left the Stores sub-section 2.7 per cent. off at 191.75.

The one main market to display all-round firmness was in South African Gold shares; the bullion price put on $2 an ounce to $173½—its highest since May 1975—and, despite yesterday's easier investment dollar premium, the Gold Mines index gained 3.4 at 139.3.

Gilts unsettled

The unexpected issue of a new long tap stock coming on top of a tighter money situation in a Gilt-edged market still basically over-bought again weighed heavily on sentiment. Initial steadiness at around the previous evening's late levels soon gave way when selected stocks were sold quite substantially and before mid-day the longs were showing falls to a point; shorter maturities were as much as ⅜ down. A rally in the latter was not sustained but little fresh ground was surrendered until the announcement of the latest Bank of England monthly statistics. These, at first glance, caused fresh concern and after the official close the longs reacted on further pressure, giving up ⅛ further, and the shorts in similarly unsettled conditions shed ⅛ more. Nearer-dated Corporations often improved but issues of a longer life tended to retreat. Awaiting news on the adjourned peace talks, Southern Rhodesian bonds dated 1978 and onwards made fresh gains of two or three points.

Pressure returned to the investment currency market and, although the sales were on occasions well met by institutional and other demand, the premium still closed at the day's lowest of 66½ per cent., down 2½ points on balance. Yesterday's SE conversion factor was 0.8128 (0.8013).

Banks dull

The major clearing banks drifted lower in thin trading with Barclays closing 7 off at 338p despite the Price Commission's favourable report on its charges. Midland also shed 7 to 388p as did Lloyds and NatWest to the common level of 288p; the latest clearing bank figures for mid-December announced after-hours, did not affect sentiment. Discounts mirrored the easier trend of gilt-edged securities. Union dipped 10 to 455p and Gerrard and National 6 to 188p. Hire Purchases came on offer with Wagon Finance notable for a fall of 4 to 89p. First National Finance Corporation, however, hardened a fraction more to 2¾, while the 9¾ per cent. Convertible 1982 moved up 9 points more to £30 ahead of Friday's results.

Insurances took a distinct turn for the worse. Prudential lost 6 to 166p as did Hambro Life to 292p, while Legal and General were 5 off at 172p. Elsewhere, Commercial Union declined 3 to 150p and Eagle Star 6 to 158p.

Breweries became reactionary and Scottish and Newcastle gave up 2 at 67p in front of Thursday's interim report, while Allied, 89½p, and A. Guinness, 183p, lost 1½ and 3 respectively. Elsewhere, Distillers closed 3 cheaper at 172p awaiting Friday's meeting with the EEC Commissioners.

Buildings were quieter and irregular in appearance. Easier at 148p in front of the preliminary results, SGB rallied on the higher profits to close 3 better at 155p. Timber issues were firm with International 4 to the good at 131p and Parker 2 harder at 112p. Elsewhere, Richard Costain shed 6 to 272p and Wilson (Connolly) cheapened 5 to 117p as did Newarthill to 180p. Losses of 4 were recorded in Derek Crouch, 95p, Higgs and Hill, 87p, and M. P. Kent, 40p, while Magnet and Southerns gave up 3 at 197p; the interim results of the last-named are due next Wednesday.

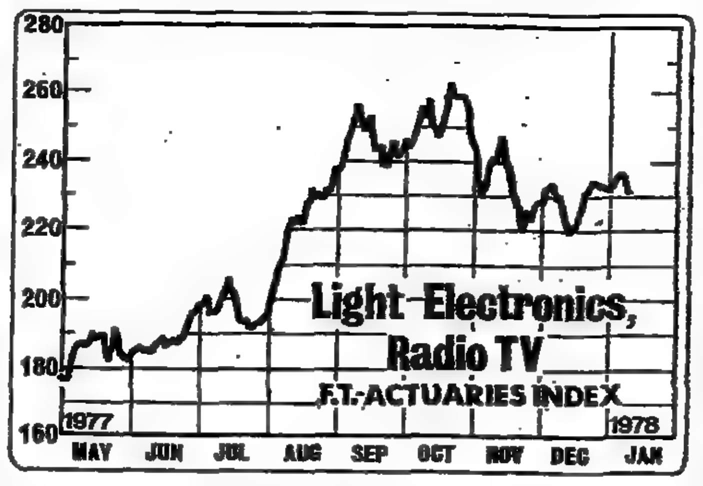
British Benzol became a late dull feature in Chemicals, falling 3 to 20p on the half-yearly profits setback and interim dividend omission. ICI drifted down 3 to 344p in thin trading. Stewart Plastics ended 7 off at 129p and, ahead of to-morrow's preliminary results, Hickson and Welch softened 5 to 555p.

Stores weak

Fears of an increase in High Street competition and a resulting squeeze on profit margins in the wake of Sainsbury's decision to cut its prices brought about nervousness in leading Stores. Those with a food retail content were especially vulnerable and British Home lost 10 to 219p, while Marks and Spencer declined 5 to 153p and UDS to 92p. Gussies A cheapened 10 to 300p and Mothercare were 5 off at 185p. Secondary issues were also easier with Martin the Newsagent 6 lower at 238p and Allied Retailers 3 down at 186p; the latter's interim figures are due next Wednesday. In Shoes, Hiltons added 4 at 72p.

Thorn, down 8 further at 378p, encountered fresh nervous selling ahead of Friday's interim results. Among the other Electrical leaders, GEC, 271p, and Plessey, 90p, fell 3 apiece, while EMI eased 2 to 182p. Decca, an old take-over favourite, reacted 18 to 497p, with the A 15 lower at 475p. Racal closed 4 cheaper at 201p, after 198p, and similar losses were recorded in BSR, 86p, Comet Radiovision, 168p, and Ever Ready, 171p. Muirhead were quoted ex rights at 182p, the new shares opening at 30p premium and falling away to close at 22p premium.

Vickers, a particularly good market of late on speculative support, reacted to 185p before steadying to close 7 lower on balance at 187p following the company's fresh statement that compensation negotiations for nationalisation of its shipbuilding and aircraft interests have not yet started. In sympathy, Vosper fell 9 to 143p, while Swan Hunter, 151p, and Yarrow, 255p, lost 4 and 5 respectively. John Brown closed 6 off at 233p, after 230p, while a recovery in GKN from 265p to 268p, down 2, was helped by hopes of early news of the company's appeal to the West German Federal Supreme Court on its proposed purchase of a further holding in Sachs AG. Secondary Engineerings encountered scattered selling, with Davy International noteworthy for a fall of 11 at 249p in response to adverse Press mention. Matthew Hall came on offer and fell 7 to 197p, while losses of around 4 were seen in Simon, 217p, Blackwood Hodge, 82p, and Capper-Neill, 66p. By way of contrast, Birmingham Pallet were favoured at 67p, up 4, while Butterfield Harvey responded to the good half-yearly results with a rise of 3 to 67p and Brown and Tawse continued to reflect satisfaction with the interim statement and rose a similar amount further to 91p.



Food Retailers hit

News of Sainsbury's plans to join the supermarket price-cutting war with reductions over a wide range of products caused widespread losses in Food Retailers. Sainsbury fell 12 to 190p while Tesco, who started the high street competition when they decided to drop trading stamps last June, dropped 5 to 43½p. Losses of 20 were seen in Associated Dairies, 250p, and Kwik Save, 213p, while Hillards shed 15 to 235p. Fitch Lovell fell 6 to 61p, while losses of 10 were seen in William Morrison, 200p, and Bishop's Stores, 190p. Elsewhere, Associated Biscuit finished 4 cheaper at 88p following acquisition news. Tate and Lyle were also 4 easier at 212p; sentiment was not affected by reports of the forthcoming libel action by ATV. United Biscuit were lowered 8 to 180p, but Robertson Foods, at 140p, recouped the previous day's loss of 5. J. Bibby were also supported at 213p, up 3.

On the bid front, Leisure and General, at 68p, held the previous day's rise of 7 which followed revised terms from Ladbroke; the latter lost 10 more at 197p for a two-day fall of 13. Grand Metropolitan eased 2 to 106p following news of the extension of its soft drinks interests, but Norfolk Capital edged up 2 to 39p on the substantially increased earnings.

Among dull miscellaneous industrial majors, Boots receded 7 to 222p and Reckitt and Colman 10 to 435p on fears of increased high street competition and a resulting squeeze on profit margins following Sainsbury's move. Trafalgar House dipped 6 to 158p and Pilkington Bros. 7 to 473p following the scheme of arrangement whereby minority shareholders in Amalgamated Industrials will exchange their Ordinary for new Preference shares. Dealings were resumed in AI which closed at 22p compared with the suspension price of 15½p. Letraset International hardened 2 to 108p in response to the higher interim figures but English China Clays shed 3 to 79p ahead of to-morrow's results. Avon Rubber, a recent speculative favourite on bid hopes, declined 6 to 187p following the annual report. Profit-taking left Leigh Interests 10 lower at 156p.

Motors and Distributors had an easier bias, but Brown Bros. hardened 2 to 24p with the help of Press comment. Arlington Motor were called a penny firmer at 118p ex the rights issue, while the new nil-paid shares opened and closed at 26p premium.

Supported recently on North Sea-oil and share split hopes, Thomsons encountered profit-taking and fell 22 to 688p. Elsewhere, Saatchi Saatchi hardened 2 to 101p following the higher annual profits.

BP ease late

More activity developed in British Petroleum which held steady for most of the day before reacting late on Wall Street influences to close 8 cheaper at 828p. Elsewhere in Oils, Shell drifted off 4 more to 518p, while Royal Dutch eased ½ further to £35⅜. Further speculative demand left Siebens (U.K.) up 8 at 294p.

Property shares encountered scattered selling after the recent good run. MEPC lost 3 to 129p and other leaders to shed a few pence or so included Land Securities 234p, and English, 44p. A. J. Mucklow stood out among secondary issues with a fall of 7 to 118p, while Great Portland, 322p, and Haslemere, 255p, lost 8 and 5 respectively. Falls of 4 were the result of profit-taking in B. Sunley, 210p, Beaumont, 97p, and Centrovincial, 87p. Rush and Tompkins came back 3 to 112p.

Overseas Traders were notable for reactions of 9 to 226p in Booker McConnell and of 13 to 337p in Harrisons and Crosfield.

Numerous falls were recorded in Investment Trusts. Border and Southern stood out at 278p, down 10, while Foreign and Colonial, 140p, and Argo Investment, 11p, shed 4 apiece. Of the isolated firm spots, New Throgmorton Capital improved 7 to 105p.

Shippings were noteworthy for strength in Reardon Smith following the reassuring statement which accompanied confirmation of the expected interim loss; the Ordinary rose 10 to 140p and the A 5 to 46p.

Trafford Carpets stood out in lacklustre Textiles with a jump of 5½ to 32½p on small buying in a restricted market.

Gold Field Properties continued firmly in South African Industrials rising 7 to 97p for a two-day gain of 19.

Golds firmer

After an initial mark-up following the sharp rise in the bullion price in overnight transatlantic markets and its subsequent improvement here, South African Golds spent another uneventful day awaiting the first of the December 1977 quarterly reports which are published to-day.

Small scattered London buying interest was reported and with the bullion price finally another $2 firmer at $173.125 per ounce the Gold Mines index registered a further 2.4 rise at 139.3.

Among the heavyweights gains rarely exceeded ½ with Randfontein, £30½, West Driefontein, £17, and Western Holdings, £14¼, that amount harder. Lower-priced issues showed Elandsraad 14 higher at 186p.

South African Financials were again featured by De Beers, which fluctuated between 288p and 294p before closing unchanged on balance at 292p following the Central Selling Organisation's 1977 diamond sales figure.

Revived vague take-over rumours gave rise to further speculation in Consolidated Gold Fields which advanced 5 to 190p in active trading; the company's South African arm, Gold Fields of South Africa, put on a half-point to £10½.

Rhodesians again reflected continuing hopes of a political settlement with Falcon Mines a further 5 up at 190p—a three-day improvement of 25—and Rhodesian Corporation a penny harder at a 1977-78 high of 22p.

In an otherwise quietly easier Australian section Pacific Copper put on 3 more to 35p on hopes of further news of the Barix coal prospect in New South Wales.

FINANCIAL TIMES STOCK INDICES

	Jan. 10	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	A year ago
Government Secs.	77.29	77.89	77.86	78.09	78.30	78.58	62.78
Fixed Interest	80.93	81.37	81.23	81.19	81.17	81.03	63.76
Industrial Ordinary	484.5	491.7	497.5	494.5	487.8	485.8	358.6
Gold Mines	139.3	135.9	136.8	150.3	152.2	152.7	108.4
Ord. Div. Yield	5.53	5.47	5.41	5.43	5.50	5.52	6.37
Earnings Yld% (full)	15.92	15.82	15.45	16.47	16.73	16.76	19.51
P/E Ratio (net) (*)	8.45	8.53	8.63	8.61	8.46	8.46	7.51
Dealings marked	7,150	6,886	6,498	6,231	5,747	4,176	7,526
Equity turnover £m.	—	95.19	77.36	76.95	63.34	49.10	54.80
Equity bargains total	—	17,916	18,131	16,887	14,713	12,027	13,911

10 a.m. 488.9. 11 a.m. 485.0. Noon 485.8. 1 p.m. 485.7. 2 p.m. 487.3. 3 p.m. 485.8.

Latest Index 01-246 8026.

*Based on 52 per cent. corporation tax. † Nil = 8.57.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 [illegible]	60.45 [illegible]	127.4 [illegible]	49.18 [illegible]
Fixed Int.	81.27 [illegible]	60.49 [illegible]	150.4 [illegible]	50.53 [illegible]
Ind. Ord.	549.2 [illegible]	357.6 [illegible]	549.2 [illegible]	49.4 [illegible]
Gold Mines	174.5 [illegible]	95.1 [illegible]	442.3 [illegible]	43.5 [illegible]

S.E. ACTIVITY

	Jan. 10	Jan. 9
Daily		
Gilt-Edged	219.8	238.5
Industries	238.5	259.6
Speculative	47.2	50.0
Totals	162.3	156.3
5-day Av'rage		
Gilt Edged	210.4	196.4
Industrials	216.0	193.8
Speculative	49.5	44.3
Totals	140.9	128.5

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Calls were dealt in Selincourt, FNFC, Caravans International, Fairview Estates, Yule Catto, BP, Consolidated Gold Fields, Burmah Oil, British Land, Grand Metropolitan, Thomson Organisation, Brittania Arrow, British Benzol, Spillers, Town and City, Furness Withy, Barker and Dobson, London Brick, Ladbroke Warrants, Grand Metropolitan Warrants, Garfield Lilley, Scottish and Newcastle Breweries, Raglan Property and Sandigate Marketing, while doubles were arranged in Selincourt, Oriel Developments, Town and City and Brittania Arrow.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (65)

CORPORATION LOANS (3)
Liverpl 5¼pc '76-78 L.C.C. 5½pc '77-81
Lon. Corp. 6½pc '75-78

COMMONW'LTH. & AFRICAN LOANS (1)
Sth. Rhodesia 6pc '78-81

BANKS (3)
Bank of Ireland 10pc Conv. Corinthian Trade Development

BEERS (1)
Brown (Matthew)

BUILDINGS (4)
Helical Bar, Jarvis (J.), Phoenix Timber, SGB Group

STORES (6)
Helene of London, Liberty, Liberty N V Ord, Peters Stores, Vantona, Vernon Fashion

ENGINEERING (4)
Beauford, Birmingham Pallet, Sanderson Kayser, United Spring

FOODS (1)
Bibby (J.)

HOTELS (1)
Norfolk Cap.

INDUSTRIALS (17)
Abbey, Amalgamated Inds., Armstrong (A.), Berisfords, Boosey & Hawkes, Campari, Campari B, Gibbons (S.), Hargreaves, Ingall Inds., Madame Tussaud's, Rowan & Boden, Sandhurst Marketing, Scottish Heritable, Stag Furn., Do. 9¼pc Conv. Ln., Turner Curzon

MOTORS (1)
Brown Bros.

NEWSPAPERS (1)
Wilson Bros.

PROPERTY (7)
Clarke Nickolls, Corn Exchange, Dorrington, Marler Estates, McInerney, Prop. Partnerships, Rosalian

SHOES (1)
Hiltons

TEXTILES (2)
Montfort, R K T.

TRUSTS (7)
Altifund Inc., Yorks. & Lancs., Edinburgh & Dundee, Park Place Inv., Equity Cons. Defd., Sot. & Merc. A., M. & G. 2nd Dual Inc.

RUBBERS (1)
Sungei Krian

TEAS (1)
Lunuva

MINES (3)
Vogelstruisbult, Pahang, Rhodesian Corp.

NEW LOWS (108)

BRITISH FUNDS (2)
AMERICANS (49)
CANADIANS (12)
BANKS (6)
BUILDINGS (1)
CHEMICALS (3)
ELECTRICALS (3)
FOODS (1)
HOTELS (1)
INDUSTRIALS (11)
INSURANCE (2)
SOUTH AFRICANS (2)
TEXTILES (1)
TRUSTS (7)
OILS (1)
OVERSEAS TRADERS (2)
MINES (3)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	0	66	[illegible]
Corpns., Dom. and Foreign Bonds	9	19	[illegible]
Industrials	131	652	[illegible]
Financial and Prop.	61	288	[illegible]
Oils	3	26	[illegible]
Plantation	3	11	[illegible]
Mines	46	33	[illegible]
Recent Issues	6	20	[illegible]
Totals	259	1,098	[illegible]

FINANCIAL TIMES

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ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Grand Met.	50p	12	106	−2	109	62
Rank Org.	25p	12	232	−3	276	128
Vickers	£1	11	187	−7	242	144
BATs Defd.	25p	10	230	−4	260	202
ICI	£1	10	344	−3	446	325
Ladbroke Group	10p	10	197	−10	215	89
GKN	£1	9	268	−2	369	260
P & O Defd.	£1	9	112	−1	175	109½
Shell Transport	25p	9	518	−4	635	454
Tesco	5p	9	43½	−5	52	33½
Assoc. Dairies	25p	8	230	−20	295	141
BP	£1	8	828	−8	966	776
Burmah Oil	£1	8	54	—	83	41
Courtaulds	25p	8	115	−1	135	89
GUS A	25p	8	300	−10	347	170

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Jan. 10, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon. Jan. 9 Index No.	Fri. Jan. 6 Index No.	Thurs. Jan. 5 Index No.	Wed. Jan. 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS(170)	211.16	−1.2	16.77	5.53	8.43	213.67	214.04	212.72	210.50	[illegible]
2	Building Materials(27)	195.76	−0.9	15.74	5.39	9.06	197.57	197.86	195.39	194.17	[illegible]
3	Contracting, Construction (26)	342.86	−1.6	16.91	3.69	8.60	348.37	350.75	348.05	344.37	[illegible]
4	Electricals (15)	455.56	−1.3	14.64	3.88	9.83	461.70	464.54	464.37	461.63	[illegible]
5	Engineering Contractors(13)	299.12	−2.6	19.62	6.27	6.98	306.96	307.85	304.18	300.43	[illegible]
6	Mechanical Engineering(72)	164.83	−1.0	17.67	6.25	8.10	166.52	166.11	164.93	162.23	[illegible]
8	Metals and Metal Forming(17)	161.60	−0.8	19.53	8.73	6.77	162.83	162.47	161.90	159.93	[illegible]
	CONSUMER GOODS										
11	(DURABLE)(52)	192.93	−1.5	17.28	4.79	8.44	195.81	196.67	195.25	193.66	[illegible]
12	Lt. Electronics, Radio TV (15)	230.56	−1.9	15.28	3.56	9.45	235.04	235.96	236.12	232.51	[illegible]
13	Household Goods (12)	183.24	−0.6	17.01	6.41	8.04	184.33	184.32	183.82	183.88	[illegible]
14	Motors and Distributors(25)	117.66	−1.0	20.50	6.31	7.31	118.86	119.61	117.92	117.27	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE)(173)	201.73	−2.1	15.35	5.65	9.42	206.10	207.25	205.66	204.74	[illegible]
22	Breweries (14)	227.86	−1.7	14.49	5.77	10.34	231.89	231.12	228.02	228.54	[illegible]
23	Wines and Spirits (6)	243.82	−1.5	16.71	5.66	8.97	247.52	249.65	249.58	248.44	[illegible]
24	Entertainment, Catering (16)	259.98	−1.8	13.81	6.59	11.05	264.64	269.17	267.80	267.13	[illegible]
25	Food Manufacturing (22)	198.69	−1.7	20.09	5.34	7.16	202.13	203.38	202.30	200.43	[illegible]
26	Food Retailing (16)	207.58	−6.5	13.06	4.35	11.15	222.08	223.22	219.57	216.52	[illegible]
32	Newspapers, Publishing (13)	352.22	−2.2	9.27	3.54	16.20	360.21	368.82	359.06	357.63	[illegible]
33	Packaging and Paper (15)	133.17	−1.3	19.81	8.76	7.27	134.98	135.99	133.49	131.95	[illegible]
34	Stores (37)	191.75	−2.7	10.06	4.13	15.67	197.80	197.95	197.04	196.60	[illegible]
35	Textiles (25)	172.83	−0.9	20.11	7.66	6.30	174.33	175.17	173.25	171.69	[illegible]
36	Tobaccos (3)	222.94	−0.7	21.67	8.08	6.15	224.44	226.11	224.53	224.56	[illegible]
37	Toys and Games (6)	100.70	−1.2	20.50	5.90	6.52	101.93	100.74	99.89	100.65	[illegible]
38	OTHER GROUPS(99)	192.86	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Chemicals(19)	253.72	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	Pharmaceutical Products (7)	229.99	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Office Equipment (6)	129.05	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Shipping (10)	472.19	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Miscellaneous (57)	206.12	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (498)	208.03	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (4)	464.64	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	229.52	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	174.86	−2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	189.42	−2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	220.41	−2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (6)	165.76	−2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	146.99	−2.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	132.71	−2.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	330.49	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	84.20	−1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	249.84	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	102.73	−2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	193.72	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	92.43	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	281.53	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	213.43	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues. Jan. 10	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Tues. Jan. 10	Mon. Jan. 9	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Tuesday, Jan. 10 Index No.	Yield %	Monday Jan. 9	Friday Jan. 6	Thurs. Jan. 5	Wed. Jan. 4	Tues. Jan. 3	Friday Dec. 30	Thurs. Dec. 29
15	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 12p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.19
Clive Fixed Interest Income	128.03

CORAL INDEX: Close 481-486

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel §	7 %
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	6½%	Keyser Ullmann	7 %
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8½%
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	7½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	7 %	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
Cayzer Ltd.	7 %	E. S. Schwab	9 %
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
C. E. Coates	7½%	Standard Chartered	6½%
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank	6½%	Trustee Savings Bank	6½%
Corinthian Securities	6½%	Twentieth Century Bk.	7½%
Credit Lyonnais	6½%	United Bank of Kuwait	6½%
The Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
Duncan Lawrie §	6½%	Williams & Glyn's	6½%
Eagil Trust	6½%	Yorkshire Bank	6½%
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	9 %		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Goode Durrant Trust	7½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	7 %		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Int. Yield	Red. Yield
		"Shorts" (Lives up to Five Years)				
101 13/16	95⅝	Treasury 9pc 1978‡‡	100 5/32	.....	8.95	5.54
104 ⅛	97⅜	Treasury 10½pc '78‡‡	102 5/16	−⅛	10.44	5.24
100⅝	90 11/16	Exch. 5pc '76-78‡‡	99 ⅞	.....	5.03	5.60
107	95	Treasury 11½pc '79‡‡	104	−⅛	10.96	6.99
97¾	84	Treasury 3pc '79‡‡	95¾	−¼	3.13	5.67
98¾	85⅛	Electric 4¼pc '74-79	96¾	−¼	4.39	6.28
105	92	Treasury 10½pc '79‡‡	104½	−⅛	10.05	7.76
97⅝	84⅞	Electric 3½pc '76-79	96	−¼	3.65	5.83
107	87¾	Treasury 9pc 1980‡‡	102	−⅜	8.76	7.62
105¾	82	Treasury 9½pc '80‡‡	102½	−¼	9.27	8.30
96	82	Treasury 3½pc '77-80	94¾	−¼	3.69	5.85
96¼	83	Funding 5¼pc '78-80‡‡	96	−¼	5.47	7.07
112	96	Exchequer 13pc 1980‡‡	109⅝	−⅜	11.89	9.19
108	92	Treasury 11½pc 1981‡‡	105 xd	−⅛	10.91	9.39
94¼	77⅝	Treasury 3½pc 1979-81	91½ xd	−½	3.83	6.59
104	86	Treasury 9½pc 1981‡‡	100¾	−⅜	9.68	9.43
97	96⅛	Exch. 8¼pc 1981	96½	−½	8.56	9.51
103½	97½	Exch. 9¾pc 1981	100 xd	−⅜	9.48	9.42
92⅛	87¼	Exch. 3pc 1981	87¼	.....	3.42	6.89
98¾	96⅛	Treas. Variable '81‡‡	96¼	.....	6.63	7.52
113	96	Exch. 12¾pc 1981‡‡	110¼	−⅛	11.57	9.50
100⅝	82⅞	Treas. 8¼pc '80-82‡‡	98⅝ xd	−¼	8.62	8.91
93½	71⅝	Treasury 3pc '82‡‡	85¾ xd	−¼	3.50	7.09
119	101⅝	Treasury 14pc '82‡‡	114	−⅜	12.22	9.67
93½	95¾	Treas. Variable '82‡‡	95¾	.....	6.67	7.53
98⅝	93⅜	Treasury 8¼pc '82	95	−⅛	8.62	9.46
102¼	93	Exch. 9¼pc 1982	99	−¼	9.33	9.45
		Five to Fifteen Years				
87⅜	81¼	Exch. 3pc '83	83⅜	−½	3.65	7.21
114¼	95½	Treasury 12pc 1983‡‡	113⅝	−⅜	10.53	9.55
101⅜	96½	Treasury 9¼pc '83	98¼ xd	−½	9.40	9.63
95½	73	Funding 5½pc '82-84‡‡	88⅝ xd	−½	6.22	7.95
103¼	77⅜	Treasury 8½pc '84-86‡‡	95⅜ xd	−½	8.69	9.26
87⅜	66¼	Funding 6½pc '85-87‡‡	85⅜	−½	7.64	8.88
94	68½	Treasury 7¾pc '85-88‡‡	88⅝ xd	−½	8.74	9.53
74	49	Transport 3pc '78-88	67⅛ xd	−⅜	4.48	7.63
76¾	53⅞	Treasury 5pc '86-89	73⅝	−⅜	6.88	8.77
121¼	90	Treasury 13pc 1990‡‡	113 xd	−1	11.48	10.98
94¾	67⅛	Treasury 8¼pc '87-90‡‡	88	−⅜	9.44	10.04
112	88¼	Treasury 11¾pc 1991	104⅜ xd	−1	11.26	11.11
76½	53⅜	Funding 5¾pc '87-91‡‡	73⅞	−⅜	7.95	9.46

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 23¼% (based on $US1.9200 per £)

Conversion factor 0.8128 (0.8013)

CANADIANS

S.E. List Premium 23¼% (based on $2.1136 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines $C1	84	−1	—	—	—
600	250	Cons. Murch. 10c	250xd	......	Q30c	♦	$
475	260	Northgate C$1	260	......	—	—	—
247	173	R.T.Z.	184	−1	td1.5	q3.1	7.0
70	28½	Sabina Inds. C$1	40	......	—	—	—
£14¼	850	Tara Exptn. $1	875	+25	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	♦	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	50	......
Ash Spinning	41	......	Shiloh Spinn	20	......
Bertam	19	......	Sindall (Wm.)	83	......
Bdg'wtr. Est. 50p	282	......			
Clover Croft	23	......	**IRISH**		
Craig & Rose £1	380	......			
Dyson (R.A.)	35	......	Conv. 9% '80/82	£98¾	−⅛
Ellis & McHdy	65	......	Alliance Gas	75	......
Evans Fr'k. 10p	27	......	Arnott	315	......
Evered	17	......	Carroll (P.J.)	112xd	+2
Fife Forge	47	......	Clondalkin	90	......
Finlay Pkg. 5p	20½	......	Concrete Prods.	125	+5
Graig Ship. £1	240	......	Heiton (Hldgs.)	50	......
Higsons Brew	142	......	Ins. Corp.	160	......
I.O.M. Stm. £1	142	......	Irish Ropes	103xr	......
Holt (Jos.) 25p	257	......	Jacob	60	+1
N'thn. Goldsmith	42	+2	Sunbeam	29	+1
Pearce (C. H.)	112	......	T.M.G.	182	......
Peel Mills	17	......	Unidare	75	+5
Sheffield Brick	45	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	25	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	11	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	6	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	5
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	9	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	13	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	Nat. West. Bank	22	**Oils**	
Eagle Star	11	Do. Warrants	30	Brit. Petroleum	45
E.M.I.	18	P & O Dfd.	12	Burmah Oil	7
Gen. Accident	17	Plessey	9	Charterhall	3½
Gen. Electric	16	R.H.M.	5	Shell	28
Glaxo	40	Rank Org. 'A'	18	Ultramar	22
Grand Met.	9	Reed Intl.	18		
G.U.S. 'A'	18	Reyrolle	20	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd.	50	Thorn 'A'	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday January 11 1978

First sign of money lending revival

BY MICHAEL BLANDEN

GROWTH OF the money supply remained at a relatively high level last month. This was indicated by the latest banking figures published yesterday.

The figures suggested that after the first eight months of the current financial year, the rate of increase might still have been at or slightly above the top end of the official target range of 9 to 13 per cent. for the year as a whole.

At the same time, figures published by the London clearing banks gave the first signs of a possible revival in demand for lending by industrial companies to finance expansion in the coming year.

The pointers to the money supply are likely to be received with disappointment in the City, after the earlier signs that the growth rate was being brought quickly under control. Yesterday the figures brought a setback in late dealings in the gilt-edged market.

The main indication is given by the total eligible liabilities of the banking system, their main deposit funds and an important constituent of the sterling money stock on the wider definition (M3).

These liabilities jumped by about 1.6 per cent. during the four-week period to mid-December, to £40.84bn. The increase was substantially greater than in the previous month, when sterling M3 went up by only 0.7 per cent.

Target

At that stage, over the first seven months of the financial year, the growth of sterling M3 represented an annual rate of just under 13½ per cent., above the target range but better than the 14¼ per cent. rate recorded in the previous month.

The indications are that last month's sharp increase in eligible liabilities could exaggerate the rise in money supply, which is subject to seasonal and other adjustments. Nevertheless, the figures suggest that a number of factors contributed to keeping the increase relatively high.

These probably included a substantially larger Government borrowing requirement, reflecting tax rebates and the Christmas bonus to pensioners which boosted the money supply in spite of substantially off-setting sales of gilt-edged stock.

The London clearing banks reported that their sterling advances to the U.K. private sector increased by £100m. in the December banking month. Allowing for seasonal and special factors, it is reckoned that the underlying increase was about £200m., in line with the recent pattern.

Tables Page 18

Lynch stands by his views in face of criticism

BY GILES MERRITT IN DUBLIN

MR. JACK LYNCH, the Irish Prime Minister, last night made little effort to patch up the Anglo-Irish row that has followed his controversial week-end comments on the need for Britain to encourage Irish unity.

Replying to criticism from Britain and Ulster, Mr. Lynch stood by his views and said that he has found the reaction to his remarks "surprising and unexpected."

His statement was issued in Dublin at the end of a lengthy Cabinet meeting held to discuss the sudden worsening of Anglo-Irish relations that has followed his hour-long interview on Irish radio. In this he said that the time had come for the British Government to indicate an interest in encouraging the unity of the Irish people.

He also said that Britain should reconsider the "negative guarantee" under which Ulster will remain a part of the U.K. until the majority wishes otherwise.

Mr. Lynch stated last night: "In my interview I was reiterating my Government's position. To paper over cracks can cause them to become chasms."

He also said: "No progress can be made in containing violence and establishing peace if we always look for the mote in our neighbour's eye, and are continually suspicious of his every utterance."

Mr. Lynch's decision to reply to criticism of his original comments—which have come from Ulster Secretary Roy Mason, the Tory spokesman on Northern Ireland, Mr. Airey Neave, and prominent Unionist politicians—came as a surprise in Dublin.

It had been expected that the Irish Government would remain silent in the hope that the furore would die down, rather than risk stirring up further tension. However, the charge that Mr. Lynch's remarks have been directly responsible for the apparent collapse of Ulster talks on administrative devolution is believed to have spurred the Irish Cabinet into making a reply.

Mr. Lynch was slightly conciliatory on only one point—that of consideration of an amnesty for Provisional IRA prisoners in the Republic.

He emphasised that he had been replying to a hypothetical question and had made it clear that that question would be considered only in circumstances where violence and hostility had genuinely ceased.

Mr. Lynch went over to the attack on power sharing, which Ulster Unionist politicians have been citing as a reason for pulling out of the current round of talks on an interim settlement.

He maintained that he had indeed received an assurance from Mr. Callaghan at the time of their Downing Street summit last September on the matter of power sharing. "I got from him a firm undertaking that there would be no devolved government without power sharing," said Mr. Lynch.

Strauss presses Japan to reduce trade surplus

BY JUREK MARTIN

WASHINGTON, Jan. 10.

MR. ROBERT STRAUSS, the U.S. special trade representative, left here for Tokyo to-day in another attempt by the United States to exert pressure on the Japanese Government to institute policies to reduce sharply the Japanese trade surplus.

The plan is for Mr. Strauss and Mr. Nobuhiko Ushiba, the Minister for External Economic Affairs, to make a joint announcement on Friday which would include an announcement of further Japanese liberalisation of import controls and a reference to the measures to achieve a real economic growth goal of 7 per cent. this year.

It is not clear, however, if Mr. Strauss will be satisfied with the Japanese concessions. He will be able to get a first-hand report of the state of play from the U.S. delegation which opened negotiations with Japanese officials in Tokyo at the start of this week.

The mere fact that he is going to Tokyo at all is considered a positive sign. He said after last month's inconclusive—and, from the U.S. point of view, unsatisfactory—talks with Mr. Ushiba in Washington that he would not make the trip unless he received definite indications from Tokyo that it would be worthwhile.

It is reasonable to assume that Mr. Strauss has reason to expect that concessions will be made by Japan.

But the gap between the two sides after last month's session remained considerable. Mr. Strauss was contemptuous of the offer of a tariff cut package and while he professed to be more impressed by the commitment to the 7 per cent. growth target, American officials have become sceptical of Japanese economic promises.

A stream of American Congressmen who have visited Tokyo in the last couple of weeks have not appeared hopeful that Japan is in a frame of mind to make the sort of concessions that would satisfy the U.S.

Several have publicly warned the Japanese that Congress is quite capable of taking matters into its own hands and enacting protectionist legislation.

This is the sort of argument that Mr. Strauss has delivered privately, not only in the current round of talks but also earlier last year, when he negotiated an "orderly marketing agreement" limiting Japanese colour television exports to the U.S.

Mr. James Jones, an Oklahoma Democrat who serves on the House Ways and Means Sub-Committee on Trade, isolated one particular subject in the course of a Press conference in Tokyo yesterday when he said that Japan would have to allow the import of more American beef.

He thought that Congress might accept a relatively modest initial increase, but only if it was a first step towards "a clear understanding that additional markets will be available in Japan to American beef producers very shortly."

Mr. Strauss is aware of the political difficulties facing Mr. Fukuda's Liberal-Democratic Government from the equally protectionist Japanese agricultural sector which has traditionally been allied with the party.

But the special trade representative, an experienced bargainer, is unlikely to be overly influenced by internal Japanese considerations.

Supermarket war fears hit retail shares

By James Bartholomew and Elinor Goodman

FOOD RETAILING shares fell by up to 10 per cent. yesterday amid fears of a vicious turn to the supermarket price war in the wake of the J. Sainsbury price reductions announced on Monday.

Sainsbury's own shares fell 12p to 190p, while Tesco, which initiated the battle last May when it forsook Green Shield stamps, tumbled 5p, to 43½p. Jobbers said there was "quite a lot of selling," although bargain-hunters were picking up stock at the lower levels.

Broking analysts were almost universally pessimistic with several contemplating the possibility of cut-throat competition like that in American food retailing in 1972.

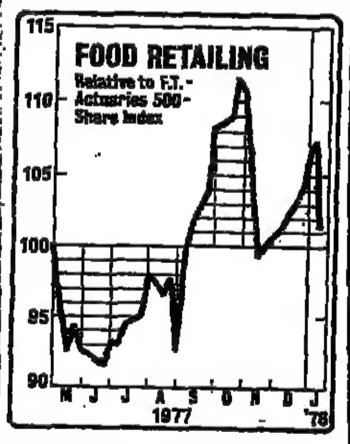
Hedderwick Sterling Grumbar said of that period: "There were no winners, just losers and survivors."

Closures threat

Most do not think it will get as bad as that, if only because planning permission is not easily obtained for the new generation of super stores. It is stores like these that allow operators to pare their margins to the bone.

But Sainsbury's move is expected to accelerate the rate of closures of the smaller supermarkets and possibly to stimulate International Stores to make some counter-move.

Share prices in the sector have held up remarkably well since Tesco's first salvo. But the fear of a price war has been counter-



balanced by expectations of a rise in consumer spending this year.

Moreover, investors appear reluctant to believe that supermarkets, which have done so well for so long, can now be in real trouble.

Publicly, most of Sainsbury's competitors yesterday were dismissing the company's new discount programme as "too little and too late," and claiming that if it hit anybody's profits, it would not hit theirs. Asda, Presto, Key Markets and Tesco all said that Sainsbury had failed to undercut their prices.

As Sainsbury operated only 200 stores in the south, there would be large areas unaffected by its new strategy.

Most claimed not to be making wide-ranging price cuts in response to the Sainsbury move. However, it was fairly clear that behind the scenes most of the groups were re-examining their prices, particularly in those stores competing directly with a Stainsbury branch.

On Monday night, for example, Tesco is believed to have added four new products to the advertisements appearing in two of yesterday's papers. The prices were the same as those appearing in Sainsbury's advertisements.

Privately, a number of executives in the industry forecast that competition would be even tougher in the next few months. If nothing else, they thought, the Sainsbury move would delay recovery in gross margins. At worst it could lead to casualties.

The feeling was that groups which still depended for the bulk of their turnover on small stores would be the first to suffer.

Sainsbury said last night that trade had gone exceptionally well on the first day of "Discount" 78 and that the stores were far busier than on a normal Tuesday.

CBI will campaign against public spending growth

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CBI will campaign against the 2 per cent. annual growth rate for public expenditure over the next four years, which the Government is expected to announce in a White Paper to-morrow.

This emerged yesterday when CBI leaders held talks with the Chancellor of the Exchequer during which it also became clear that the Treasury is keeping an open mind over whether to relax exchange controls further.

Mr. Denis Healey said that he still had not made up his mind on this subject, and indicated that he would act if convinced that a valid economic case could be assembled.

However, the TUC would staunchly oppose such a development and the Treasury is therefore trying to calculate the impact that any further relaxation might have on the level of exports and U.K. employment.

The talks with Mr. Healey lasted for about an hour and gave the CBI an opportunity to range over a variety of issues that were debated at its annual conference in November.

These included tax levels, the industrial strategy, and the uses of North Sea oil revenues, as well as public expenditure and exchange controls.

Freeze

The CBI's objection to the planned 2 per cent. annual rise in public expenditure is based on a belief that this will make it impossible for the Government to cut income-tax by one-third, which industrialists want by 1981.

It considers that a significantly smaller tax reduction would not provide the stimulus industrial confidence requires.

"Our policy is to freeze public expenditure in real terms right up to 1981 in order to facilitate the tax cuts, and we told the Chancellor that we would engage in a public debate on this issues if the expected 2 per cent. rise is announced," Sir John Methven, CBI director general, said after the talks.

On the issue of exchange controls and direct investment overseas, the CBI put in a paper setting out its arguments for relaxations on the basis that such controls are no longer needed to bolster the balance of payments.

The CBI argued that there is no evidence that allowing industrialists to invest abroad cuts U.K. employment by reducing investment at home.

"All the evidence shows that allowing overseas investment increases home employment," said Sir John. The CBI had told the Chancellor that exports of manufactured goods as well as invisible earnings would improve.

Sir John felt that, while the case was well understood in the Treasury, little progress had been made in persuading TUC leaders.

The CBI leaders said yesterday, following publication of their pay data bank figures showing a large proportion of current pay settlements around the 10 per cent. limit, that the progress of phase three of the pay policy is "fairly satisfactory."

Sir John added: things got off to a good start last year, and after a black period they are looking quite good again."

Firemen expected to end strike

By Alan Pike, Labour Staff

LEADERS OF the Fire Brigades Union were increasingly confident last night that to-morrow's recalled delegate conference at Bridlington will endorse the executive's recommendation to end the national firemen's two-month strike. The men could be back at work next week.

The day began well for militant firemen campaigning to keep the strike going when the regional committee of the London Fire Brigade voted 10-2 against the proposed peace formula.

This means that the 6,000 votes of the largest brigade in the country, which opposed the original strike decision, will be cast in favour of continuing industrial action. London will be joined by at least two other large metropolitan brigades, Strathclyde and Merseyside.

However, there were increasing signs by late yesterday that this will not be sufficient to ensure the rejection of the peace formula. Firemen in several other urban brigades, including the West Midlands, Greater Manchester and Tyne and Wear, yesterday voted to end the strike.

After the Manchester decision Mr. Jack Haworth, vice-president of the union, predicted a full national return to work by Monday, reflecting the growing view among moderates that some of yesterday's metropolitan votes—allied with the many rural counties which are seeking a return to work—will be sufficient to win acceptance for the formula.

Firemen had to face the fact that they could not break the 10 per cent. limit, said Mr. Haworth.

At Tyne and Wear men voted in favour of a return to work against the recommendation of their local leaders. Other areas which supported the peace formula yesterday included Northern Ireland, Dorset, and the Essex brigade, which has a reputation for militancy.

Yorkshire firemen are expected by their leaders to vote for acceptance to-day.

ATV to sue Tate and Lyle for libel

THE INDEPENDENT television company Associated Television has issued a libel and slander writ against sugar refiners Tate and Lyle, and Mr. John Lyle, the company's chairman.

The writ is over statements made in advertisements and reports in the national Press on December 14 and 15 and referring to the ATV documentary series "The South African Experience."

An ATV spokesman said the writs would probably be served to-day, but a Tate and Lyle spokesman said no notification of the writ was received yesterday.

"Neither the company, nor its chairman Mr. John Lyle, nor the solicitors acting on behalf of Tate and Lyle in this matter, have received any form of notification that a writ has been issued by ATV," said the spokesman.

Tate and Lyle has itself issued a write against ATV alleging libel in the television documentary "Working for Britain," part of the series on South Africa which was screened on December 21 after an injunction had been lifted. That action has yet to come to court.

Darlington journalists end seven-month dispute

BY PAULINE CLARK, LABOUR STAFF

JOURNALISTS ON North of England Newspapers in Darlington decided yesterday to accept their employers' latest peace formula and to end their seven-month strike—the longest in the history of the National Union of Journalists.

The decision to accept a deal incorporating maintenance for the time being of the existing 81 per cent. NUJ membership, together with improvements in expenses and payment for extra work, was reached by an 85-5 vote after a three-hour chapel (office branch) meeting. Five other journalists were said to have abstained.

The journalists hope to be back to work on Monday after ratification of their decision by an executive meeting of the National Union of Journalists on Friday.

NUJ leaders tried to make the Darlington issue into a test case in their controversy with Westminster Press—the owner of North of England Newspapers—over the closed shop for journalists. The executive is expected to follow the traditional policy of bowing to the decision of its members.

The 101 journalists will be returning to their desks for the first time since June 3 when they walked out in a dispute over the hiring of Mrs. Josephine Kirk Smith, who refused to join the NUJ.

After printing unions withdrew their support last December, allowing the four affected newspapers to be produced for the first time since August, the journalists agreed not to press for an immediate 100 per cent. closed shop provided their pay was raised nearer to the standards of other provincial journalists. They claimed they were receiving between £10 and £15 less than elsewhere.

Strike leaders said last night: "It's not an unqualified victory but not a defeat either." Further discussions on the closed shop would probably follow publication of the Government's proposed charter on Press freedom.

Meanwhile, the journalists hoped that immediate pay concessions could yield up to 25 per cent. improvements and that further increases might be paid when Government policy allowed.

THE LEX COLUMN

Setback for money supply hopes

The reasons for the authorities' decision to rush out Monday's unexpected new tap have become clearer with the publication of banking figures for December which dent some of the gilt-edged market's recent optimism. Thus the banking sector's eligible liabilities rose by as much as 1.6 per cent. in the month, and although this is unlikely to have fully fed through to the sterling M3 measure of the money supply, thanks to seasonal adjustments and other factors, it is by no means certain that sterling M3 will have been drawn back into the 9 per cent. to 13 per cent. target growth band.

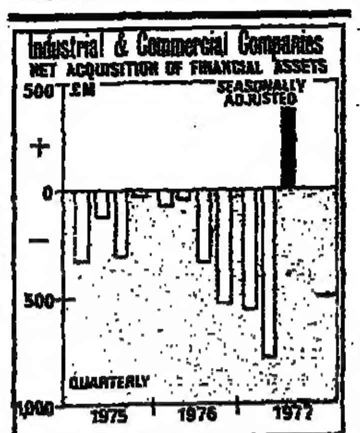
In November the annualised growth rate since April was 13.3 per cent., and a rise of anything less than 0.9 per cent. in December would have pulled sterling M3 back on target. Large gilt sales promised to have done the trick, but it now appears that the Government's borrowing requirement may have been high by recent standards, boosted by tax rebates.

Further large gilt-edged sales during the current banking month have made it likely that the January figures, at least, will be satisfactory, but even here there is a possibility that the normal seasonal inflow of tax revenues will be reduced to the extent that unusually large holdings of tax reserve certificates have been built up in recent months. The market reacted badly yesterday, prices of the longs falling by up to a point, and another half-a-point after hours. The uncertainties over U.S. interest rates have quickly stifled hopes of lower money rates here, and with Wall Street losing its nerve, the shakeout in U.K. equities continued yesterday.

U.S. Autos

The deepening despondency of Wall Street is not just the result of increasing stresses on the financial markets. Although most forecasters are still projecting real growth of over 4 per cent. in gross national product this year, it is already clear that some key industrial sectors will do nothing like as well as this. The motor manufacturers are the prime example—which is why the historic dividend yield of General Motors (including

Index fell 7.2 to 484.5



special payments) is now a whopping 11½ per cent.

GM is still sticking by its year-end forecast of a modest rise in total car sales to 11.7m. units this year. Most other projections indicate a decline—many go as low as 10.5m. units—including a drop of 5 per cent. or more in home-based output.

One obvious explanation for this weakness is that sales were very strong through most of 1977, when output almost crept back to 1973's all-time peak. In addition, the 1978 model range—especially GM's—has not been a great success with a buying public which had been gearing itself up via a steep increase in instalment credit in the first ten months of last year.

The decline coincides with a period of very heavy capital spending, partly to comply with new federal regulations, and so it will have a disproportionate effect on earnings per share. GM's could drop by roughly a fifth, which would leave it on a p/e of 6½. Meanwhile the prospective yield, after making an adjustment for special payments, could according to Goldman Sachs be around 8½ per cent. The consensus view seems to be that both GM and Ford look cheap—and that in the short term they will probably look cheaper.

Letraset

Letraset achieved volume growth of about 5 per cent. in the first half-year, indicating that the company's period of rapid growth has slowed down to more normal levels—at least for the time being. Sales emerge about 13 per cent. higher in value at £15.2m., while pre-tax profits are up 18 per cent. at £3.4m.

Currency aspects have distorted these comparative figures rather more than for most companies. Apart from differences on the translation of overseas profits, Letraset converted 1977 interim figures at October 31 rates. However, the figures for the corresponding period were translated at January 1977 rates of exchange because the October 31, 1976 exchange rates were considered to have been artificially low for sterling.

Meanwhile the search for the ideal U.K. organisation goes on. Profits for the full-year should not be far off £7.5m.—£1m. up on last year—which puts the shares on a prospective p/e of 6¼, fully taxed.

Reardon Smith

Against a background of very depressed freight rates and a slump in secondhand ship prices a number of smaller U.K. shipping companies are finding the going increasingly tough, and Reardon Smith is no exception. Yesterday, it belatedly released its interim statement, passed its interim dividend, and posted a pre-tax loss of £2½m. after crediting ship sale proceeds of £3m.

But what catches the eye in the statement (and sent "A" shares 5p higher to 46p) are the three unexplained capital transactions which should improve liquidity substantially. Reardon Smith has somehow made £2m. by buying an investment trust from Charterhouse Japhet and selling off the portfolio, and its cash balances should have been further swelled by the sale of a semi-submersible drilling rig. In addition, it has entered into arrangements which "dramatically reduce the tax losses to a near break even position." But until the company discloses the balance sheet implications of these last moves the shares must be treated as little better than gambling chips.

Company sector

For the first time in nearly five years (on the present evidence of a much revised statistical series) the industrial and commercial company sector moved into a healthy financial surplus in the third quarter of 1977, on a seasonally adjusted basis. Profits improved, but stocking accounted for about three-quarters of the surplus.

Weather

U.K. TO-DAY

RATHER COLD. Showery.

London, S.E., Cent. S. England, Midlands

Isolated wintry showers. Wind W., moderate or fresh. Max. 4C (39F).

E. Anglia, E., N.E. and Cent. N. England

Occasional rain or snow. Wind N., strong to gale. Max. 3C (37F).

Channel Isles, S.W. England, S. Wales

Scattered wintry showers. Wind W, moderate or fresh. Max. 5C (41F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth

Occasional sleet or snow. Wind becoming N., strong to gale. Max. 2C (36F).

W. Scotland, Glasgow, Argyll N.E. Scotland, Orkney, Shetland

Frequent wintry showers. Wind N., strong to gale. Max. 3C (37F).

Outlook: Becoming mostly dry in S. and less cold in N.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsdm.	F	5	41	Madrid	S	6	43
Athens	S	8	46	Manchestr.	C	4	39
Bahrain	S	23	73	Melbourne	C	24	75
Barcelona	S	9	48	Mexico C.	S	14	38
Beirut	C	14	57	Milan	F	2	36
Belfast	Sl	1	34	Montreal	S	−17	1
Belgrade	C	−8	21	Moscow	S	−1	30
Berlin	C	4	39	Munich	R	4	39
Brmghm.	F	4	39	Newcastle	F	3	37
Bristol	F	5	41	New York	S	−7	19
Brussels	S	6	43	Oslo	S	0	32
Budapest	Sn	−5	23	Paris	F	5	48
B. Aires	S	30	87	Perth	F	38	100
Cairo	S	15	60	Prague	F	2	36
Cardiff	H	7	45	Reykjavik	F	−6	21
Chicago	S	−17	1	Rio de J'o	C	30	86
Cologne	F	6	43	Rome	C	10	50
Copnhagn.	F	3	37	Singapore	R	24	75
Dublin	R	3	37	Stockholm	Sl	2	36
Edinburgh	C	1	34	Strasbrg.	C	4	39
Frankfurt	C	4	39	Sydney	F	29	84
Geneva	C	1	34	Tehran	C	12	54
Glasgow	C	2	36	Tel Aviv	R	11	52
Helsinki	Sn	0	32	Tokyo	C	7	45
H. Kong	S	18	64	Toronto	C	−11	12
Jo'burg	C	21	70	Vienna	C	−2	28
Lisbon	S	12	54	Warsaw	Sn	−1	30
London	F	6	43	Zurich	Sn	1	34
Luxemb'g	C	4	39				

HOLIDAY RESORTS

Ajaccio	C	11	52	Istanbul	R	4	39
Algiers	C	15	59	Jersey	F	6	43
Biarritz	C	12	54	Las Plms.	S	20	68
Blackpool	R	5	41	Locarno	S	3	37
Bordeaux	F	12	54	Majorca	C	14	57
Boulogne	C	7	45	Malaga	F	15	59
Casablnca.	F	18	64	Malta	C	14	57
Cape Town	C	21	70	Nairobi	S	24	75
Corfu	S	11	52	Naples	F	8	46
Dubrovnik	C	9	48	Nice	S	12	54
Faro	F	15	59	Nicosia	C	15	59
Florence	C	6	43	Oporto	S	12	54
Funchal	R	18	64	Rhodes	S	14	57
Gibraltar	C	16	61	Salzburg	C	0	32
Guernsey	F	7	43	Tangier	F	17	63
Innsbruck	F	−3	27	Tenerife	S	14	57
Inverness	S	1	34	Valencia	C	10	50
Isle of Man	C	5	41	Venice	F	1	34

S—Sunny. F—Fair. C—Cloudy. R—Rain. H—Hail. Sl—Sleet. Sn—Snow.

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